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ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT WITH SUPPLEMENTAL INFORMATION

As of and For the Year Ended June 30, 1993

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 12-29-93

CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASE) AND ACTUAL - GOVERNMENTAL FUND TYPE - GENERAL FUND	6
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS	8
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS	9
NOTES TO THE FINANCIAL STATEMENTS	10
SUPPLEMENTAL INFORMATION	
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS	26
COMBINED BALANCE SHEET	27
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS (DEFICIT) - PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS	28
COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS	29
PRIMARY FUND TYPE - AGENCY FUNDS	30
COMBINED BALANCE SHEET	32
COMBINED SCHEDULE OF CHANGES IN BALANCE DUE TO TAXING BONDS AND OTHERS - PRIMARY FUND TYPE - AGENCY FUNDS	33
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT IN ACCORDANCE WITH COMPENSATORY JOINTWORK AGREEMENTS	34

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A LIMITED LIABILITY COMPANY

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Honorable Rodney J. Smith, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

We have audited the accompanying general purpose financial statements of the St. Tammany Parish Sheriff as of June 30, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Tammany Parish Sheriff. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the *Governance Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements 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 provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Sheriff as of June 30, 1997, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Tammany Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated October 29, 1997 on our considerations of the St. Tammany Parish Sheriff's internal control over financial reporting and on our tests of its compliance with laws and regulations.

Smith, Hensel & Associates, L.L.C.

October 29, 1997

UT TARIFFS MONITOR-LIMITED
 25, Tennessee Avenue, Louisville
 COMBINED BALANCE SHEET - ALL YEAR TYPES
 AND ACCOUNTS (PARTIAL)

June 30, 1987

ASSETS	GOVERNMENTAL FUND TYPES - GENERAL FUND	PROVISIONARY FUND TYPES - GENERAL FUND	INDUSTRY FUND TYPES - ADDITIONAL	ACCOUNTS RECEIVABLE		TOTAL ASSETS
				GENERAL FUND	INDUSTRY FUND	
(BIF) (100%)	2,007,000	134,000	1,000,000	0	0	3,141,000
Reserves (item C)	1,748,971	1,519	0	0	0	1,750,490
Due from other funds	4,000	10,000	0	0	0	14,000
Inventory (item A)	10,000	0	0	0	0	10,000
Building, automobiles and equipment (item B)	0	0	0	0	0	0
Amounts due (owed) for retirement of general long-term obligations	0	0	0	0	0	0
TOTAL ASSETS	4,808,971	254,519	1,000,000	0	0	6,063,490
LIABILITIES AND FUND EQUITY						
Liabilities						
Accounts payable	700,000	50,000	0	0	0	750,000
Accounts receivable	204,000	0	0	0	0	204,000
Due to other funds	100,000	4,000	0	0	0	104,000
Income payable (item I)	0	0	0	0	0	0
Claims being processed and others	0	0	0	0	0	0
Contingent liabilities (item J) and others	0	0	0	0	0	0
Total liabilities	904,000	54,000	0	0	0	958,000
Fund Equity						
Investment in general fund assets	0	0	0	0	0	0
Fund balance	4,000,000	1,000,000	0	0	0	5,000,000
Unexpended - unappropriated	0	0	0	0	0	0
Reserve for liability	0	0	0	0	0	0
Unexpended contracts (item K)	0	0	0	0	0	0
Total fund equity	4,000,000	1,000,000	0	0	0	5,000,000
TOTAL LIABILITIES AND FUND EQUITY	1,308,000	504,519	1,000,000	0	0	2,812,519

The accompanying notes are an integral part of this statement.

81. Treasurer (Budget Budget)
 82. Treasury (Bank Accounts)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET (YEAR BUDGET AND ACTUAL -
 SEPTEMBER, 1960) TYPE - GENERAL FUND

FOR THE YEAR ENDING JUNE 30, 1961

	BUDGET	ACTUAL	BALANCE FORWARD UNAPPORTIONED
EXCESS OF REVENUES OVER EXPENSES (EXPENDITURES)	\$ 1,000,000	\$ 1,000,000	\$ 840,000
OTHER FINANCING SOURCES			
Sale of bonds	50,000	2,000	(40,000)
Sale proceeds	1,750,000	1,750,000	(40,000)
Use other financing sources	(800,000)	(800,000)	(40,000)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ 850,000	\$ 952,000	\$ 324,000
FUND BALANCE AT BEGINNING OF YEAR		2,650,000	
FUND BALANCE AT END OF YEAR		\$ 3,002,000	

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN RETAINED EARNINGS (DEFICIT) -
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1997

OPERATING REVENUES	
Premium contributions	\$ 1,813,203
OPERATING EXPENSES	
Claims expenses	1,473,729
Other premiums	113,845
Stop loss premiums	117,444
Administrative fees	<u>65,236</u>
Total operating expenses	<u>1,770,254</u>
OPERATING NET INCOME	44,949
NON-OPERATING REVENUES	
Interest income	<u>9,000</u>
NET INCOME	53,976
Retained earnings (deficit) - beginning	<u>164,832</u>
Retained earnings (deficit) - ending	<u>\$ 218,808</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1980

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income	\$ 44,909
Adjustments to reconcile net operating income to net cash provided by operating activities:	
Decrease in accounts receivable	72,811
Increase in due from other funds	(366,585)
Decrease in bank overdraft	(42,635)
Increase in accounts payable	232,996
Increase in due to other funds	<u>4,642</u>
Total adjustments	<u>80,929</u>
Net cash provided by operating activities	125,838
CASH FLOWS FROM INVESTING ACTIVITIES:	
Receipts of interest	<u>9,000</u>
Net cash provided by investing activities	<u>9,000</u>
NET INCREASE IN CASH	134,838
Cash, beginning of year	<u> </u>
Cash, end of year	<u>\$ 134,838</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 23 of the Louisiana Constitution of 1974, the Sheriff serves a five year term as the Chief Executive Officer of the law enforcement district and Ex-Officio Tax Collector of the parish. The Sheriff administers the parish jail system and executes duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, and other law enforcement activities. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish, state or federal government.

As the Ex-Officio Tax Collector of the parish, the Sheriff is responsible for collecting and distributing all valuations property taxes, parish occupational licenses, state revenue sharing funds, sportsman's license, and fines, costs and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales taxes throughout the parish.

The financial statements of the Sheriff conform to generally accepted accounting principals (GAAP) applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in established governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

1. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and account groups that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish police jury as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the St. Tammany Parish Sheriff.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting

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

A fund is a separately accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are connected only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, fiduciary, and proprietary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on providing services to the public. Fiduciary funds are used to account for assets held for others, and proprietary funds are used to account for a government's ongoing activities. The Sheriff's current operations require the use of governmental, fiduciary, and proprietary funds as described below:

Governmental Fund - General Fund

The General fund, as provided by Louisiana Revised Statute 19:1472, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, and the Sheriff's one-fourth percent sales tax. The Sheriff also receives revenue from state supplemental pay for deputies, civil and criminal fees, fees for court attendance, maintenance of prisoners, and various other commitments. General operating expenditures are paid from this fund.

ST. TAMMANT PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting - Continued

fiduciary Fund - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, licenses and revenues. Disbursements from the funds are made to various parish agencies, litigants in suits, and refunds, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve management of results of operations.

Proprietary Fund - Internal Service Funds

Internal service funds are used to account for liability claims and health care claims made by the Sheriff's employees on a cost recovery basis. Resources to fund the self insurance plans are recorded as revenues. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Accrued liabilities include provisions for claims reported but not yet paid as of fiscal year-end.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied.

Governmental Fund

The governmental fund is accounted for using the modified accrual basis of accounting. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing 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, January, and February of the fiscal year.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Basis of Accounting - Continued

Sales taxes are recorded in the year the related sale has occurred. Fees, charges, and commissions for services, interest income on time deposits, other revenues, and intergovernmental revenues (except state revenue sharing) are recorded when earned.

Expenditures

Generally, expenditures are recognized under the modified accrual basis when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees are paid for accrued leave upon termination. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

Other Financing Sources

Sales of fixed assets are accounted for as an other financing source and are recorded when cash is received.

Proprietary Fund

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

4. Budget Practices

The proposed 1996-1997 budget for the General Fund was made available for public inspection at the Sheriff's office on June 3, 1996. A public hearing was held on June 20, 1996, at the Sheriff's office for suggestions and comments from taxpayers. The proposed budget was legally adopted by the Sheriff on the date of the public hearing. All appropriations lapse at year end. The budget, which includes proposed expenditures and the means of financing them, was published in the official journal prior to the public hearings.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budget Practices - Continued

The General Fund budget is prepared on the modified accrual basis of accounting. Formal budget integration (within the accounting records) is used during the year as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

5. Cash

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

6. Inventory

Office supplies, lab supplies, and vehicle parts inventory are valued at cost, which approximates market. Cost is determined using the specific identification method. This is not considered to be a material departure from GAAP.

7. General Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. General fixed assets provided by the parish police jury or improvements thereon, such as the jail addition, are not recorded within the Sheriff's general fixed assets account group. Fixed assets are valued at historical cost or estimated historical cost, if historical cost is not available. Donated assets are recorded at fair market value at the time of donation. No depreciation has been provided on general fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the General Fund. These two account groups are not funds because they are concerned only with the measurement of financial position and do not involve measurement of results of operations.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Compensated Absences

Employees of the Sheriff's office earn from 10 to 15 days of vacation leave and 5 to 15 days of sick leave each year, depending on length of service. Vacation leave cannot be accumulated and must be used during the year it is earned. Sick leave can be accumulated up to a maximum of 480 hours. Upon termination, sick leave lapses. Employees of the Sheriff's office also earn compensatory leave. Compensatory leave is earned at the rate of time and a half for overtime worked and may be carried forward to subsequent years.

9. Total Column on the Balance Sheet

The total column on the balance sheet is captioned "Memorandum Only" (overline) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes for the year:

	Authorized	Levied	Expiration
	Millage	Millage	Date
1988 Law Enforcement District	4.89	4.89	1988
Constitutional Law Enforcement District	8.05	8.05	n/a

The 1988 millage was adopted for the purpose of general law enforcement support. The millage was renewed subsequent to year end at an election held on October 18, 1997.

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 1997, the Sheriff has \$12,634,752 (book balance) in interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in holding or custodial bank that is mutually acceptable to both parties.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE C - CASH AND CASH EQUIVALENTS - Continued

At June 30, 1997, the Sheriff has \$13,700,467 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$13,600,467 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GA50 Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 1, Louisiana Revised Statute 38:3229 imposes a statutory requirement on the custodial bank to advance and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE D - RECEIVABLES

The General Fund receivables of \$2,186,317 at June 30, 1997, are as follows:

Class of Receivable	
Sales tax	\$ 883,667
Ad valorem taxes	276,065
State funds receivable	399,582
Federal funds receivable	58,335
Fees, charges, and commissions for services:	
Feeding, keeping and transporting prisoners	496,342
Fines and cost	36,211
Commissions	141,278
Other	<u>112,812</u>
Total	<u>\$2,186,317</u>

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE E - GENERAL FIXED ASSETS

A summary of changes in general fixed assets (automobiles and equipment) follows:

Balance, June 30, 1996	\$ 5,384,459
Additions	2,551,234
Reductions	(588,458)
Balance, June 30, 1997	\$ 7,347,235

General fixed assets consist of the following at June 30, 1997:

Vehicles and accessories	\$ 2,859,141
Communication equipment	658,161
Computer equipment	883,706
Office equipment	157,635
Tools and accessories	48,104
Boats and accessories	185,159
Other	344,806
Building improvements	1,330,148
Lab equipment	22,591
Total	\$ 7,347,235

NOTE F - REVENUE ANTICIPATION NOTE

During the June 30, 1997 fiscal year, the Sheriff borrowed \$2,600,000 on a revenue anticipation note for cash flow purposes. The note was paid prior to the fiscal year end primarily from ad valorem and sales tax revenues. The amount of interest paid upon maturity of the note was \$93,184.

NOTE G - COMPENSATED ABSENCES

At June 30, 1997, employees of the Sheriff's office have accumulated \$385,282 of compensated leave benefits, computed in accordance with GASB Codification Section C80. This amount is recorded as compensated absences payable within the general long-term obligations account group.

The cost-of-leave privileges, computed in accordance with previous codification, is recognized as a current year expenditure within the General Fund when leave is actually taken.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE (B) - LEASES

The Sheriff is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Sheriff's account groups. Total payments of \$109,865 were made during the year ended June 30, 1997. The following is a schedule of future minimum rental payments:

Year Ending June 30,	Amount
1998	\$ 100,965
1999	99,128
2000	99,128
2001	23,028
2002	23,028
Thereafter	3,127
Total minimum lease payments	<u>\$ 348,425</u>

NOTE (C) - NOTES PAYABLE

At June 30, 1997, the Sheriff was obligated under the following agreements:

Certificate of Indebtedness payable to a bank dated November 21, 1996, principal payable in ten annual installments with interest to be paid semi-annually at a rate of 4.9% secured by excess revenues of the Sheriff \$ 300,000

Equipment installment purchase agreement payable to a bank dated October 21, 1996, with an original principal of \$1,800,000, payable in twelve quarterly installments of \$98,470 including interest at a rate of 5.15%, secured by certain equipment purchased with the proceeds of the agreement 841,800
\$1,541,800

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE I - NOTES PAYABLE - Continued

Total future principal and interest payments under the above obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1998	\$ 378,629	\$ 68,859	\$ 448,488
1999	401,634	58,345	459,979
2000	237,985	38,650	276,635
2001	68,000	24,135	92,135
2002	70,000	28,025	98,025
Thereafter	<u>790,000</u>	<u>49,480</u>	<u>839,480</u>
	<u>\$1,546,248</u>	<u>\$240,482</u>	<u>\$1,786,730</u>

NOTE J - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations for:

	<u>Compensated Absences</u>	<u>Lease Obligations</u>	<u>Notes Payable</u>	<u>Total</u>
Balance, June 30, 1996	\$ 110,837	\$ 22,150	\$ -	\$ 132,987
Additions	312,733	-	1,300,000	1,612,733
Reductions	<u>(1,218,282)</u>	<u>(1,22,350)</u>	<u>(128,121)</u>	<u>(1,568,753)</u>
Balance, June 30, 1997	<u>\$ 185,288</u>	<u>\$ -</u>	<u>\$1,546,880</u>	<u>\$1,732,168</u>

NOTE K - CHANGES IN AGENCY FUND BALANCES

A summary of changes in fund balances due to taxing bodies and others follows:

	<u>Sheriff's Fund</u>	<u>Tax Collector Fund</u>	<u>Inmate Fund</u>	<u>Fines and Cost Fund</u>
Balance at July 1, 1996	\$ 635,702	\$ 6,414,600	\$ 37,934	\$ 239,937
Additions	4,258,983	191,934,379	366,207	2,991,700
Deductions	<u>(4,280,218)</u>	<u>(148,542,882)</u>	<u>(130,885)</u>	<u>(2,555,630)</u>
Balance at June 30, 1997	<u>\$ 614,467</u>	<u>\$ 8,806,097</u>	<u>\$ 43,256</u>	<u>\$ 216,007</u>

ST. TAMMANY PARISH SHERIFF

St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE L - EXPENDITURES OF THE SHERIFF'S OFFICE PAID
BY THE PARISH POLICE JURY

The Sheriff's office occupies various facilities owned by the Parish. The cost of maintaining and operating these facilities, as required by Louisiana Revised Statute 33:4715, is paid by the St. Tammany Parish Police Jury.

NOTE M - PENSION PLAN

Substantially all employees of the St. Tammany Parish Sheriff are members of the state individual retirement system known as the Sheriff's Pension and Relief Fund ("System"), a multiple-employer (cost sharing), public employee retirement system (PERS), administered and controlled by a separate board of trustees.

Plan description - All sheriffs and deputies who are found to be physically fit, who earn at least \$400 per month, and who were between the ages of 18 and 50 at time of original employment are required to participate in the system. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final average salary for each year of credited service. The percentage factor to be used for each year of service is 2.75 percent for each year if total service is at least 12 but less than 15 years, 5 percent for each year if total service is at least 15 but less than 20 years, and 7.25 percent for each year if total service is at least 20 years. In any case, the retirement benefit cannot exceed 90 percent of their final average salary. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive benefits accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefit between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute. Contributions to the System include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 2463, Monroe, Louisiana, 71210-2163, or by calling (214) 342-3198.

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE M - PENSION PLAN - Continued

Funding Policy - Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 6.0 percent of annual covered payroll. The contributions required from plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:303, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ending June 30, 1997, 1996, and 1995, were \$469,340, \$433,499, and \$325,981, respectively, equal to the required contributions for each year.

NOTE N - DEFERRED COMPENSATION PLAN

The St. Tammany Parish Sheriff offers its employees deferred compensation under the Louisiana Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until retirement, death, termination, disability, or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until) paid or made available to the employee or beneficiary solely the property and rights of the Sheriff (without being restricted to the provisions of the plan) under the plan, subject only to the claims of the Sheriff's general creditors. Participants' rights under the plan are equal to those of general creditors of the Sheriff in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the Sheriff's legal counsel that the Sheriff has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Sheriff believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

NOTE O - POST-RETIREMENT BENEFITS

The St. Tammany Parish Sheriff provides certain continuing health care benefits for retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff's office. These benefits for retirees and similar benefits for active employees are provided through the Sheriff's Internal Service Fund. The Sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year-ended June 30, 1997, the Sheriff expended \$1,237,010 for health care and life insurance benefits. Included in this total is \$25,625 of health care benefits paid for retirees. There are 36 retirees and 284 active employees as of June 30, 1997.

ST. TAMMANY PARISH SHERIFF
54 Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE P - LITIGATION AND CLAIMS

As June 30, 1997, the Sheriff is involved in a number of lawsuits. In the opinion of the Sheriff's legal counsel, resolution of the majority of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

NOTE Q - SELF-INSURANCE

The Sheriff is exposed to various risks of loss related to theft, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and national disasters. The Sheriff has contracted with various insurers to cover its risk of loss as to assets which it owns with the exception of motor vehicles for which he retains the risk of loss. The Sheriff also retains the risk of loss as to injuries to employees not covered under the Employee Health Insurance Plan. The Sheriff has retained a portion of its risks as to employee health insurance coverage and fire general and fire confinement liability for which it has established internal service funds to account for and to finance its portion of these risks.

Employee Health Insurance

On January 1, 1994, the Sheriff established a self-insurance health plan for his employees. The Plan administrators, Para Benefit Services, are responsible for the approval, processing, and payment of claims. They are also responsible for actuarially determining the needed funding of the plan, for which they bill the Sheriff.

The Plan is accounted for in an internal service fund of the Sheriff. Resources to fund the Plan are recorded as revenues. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities include an amount for claims that have been incurred but not paid as of June 30, 1997. These liabilities are reported at their present value of \$297,282. Changes in the balance of claims liability during fiscal years 1997, 1996 and 1995 were as follows:

	1997	1996	1995
Beginning of year liability	\$ 75,591	\$ 95,043	\$ 13,996
Claims and changes in estimates	1,442,751	1,451,964	725,279
Claims payments	(1,221,140)	(1,473,416)	(643,684)
Balance at fiscal year end	<u>\$ 297,202</u>	<u>\$ 76,591</u>	<u>\$ 36,691</u>

A stop-loss insurance contract associated with an insurance carrier covers aggregate claims in excess of 1.25% of total expected claims and \$50,000 per single employee, per year. This policy provides stated coverage on a calendar year basis.

ST. TAMMANY PARISH SHERIFFS
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE Q - SELF-INSURANCE - Continued

Liability Risk Management

The Sheriff is a member of the Louisiana Sheriffs Risk Management Program. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain lower costs for automobile and general liability insurance coverage and develop a comprehensive loss control program. The Sheriff pays an annual premium to the Fund for its coverage. The Sheriff's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts, individual stop loss coverage for member districts for claims in excess of \$1,000,000 with an excess limit of \$3,000,000. The deductibles under this plan are \$25,000 for each occurrence and \$100,000 for aggregate. During the year ended June 30, 1997, the Sheriff established an internal service fund to account for and finance claims and legal fees which fall within these deductibles. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Resources in fund the plan are recorded as resources. Claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not paid as of June 30, 1997. These liabilities are recorded at their present value of \$12,398. Changes in the balance of claims are as follows:

	1,592
Beginning of year liability	\$ -
Claims and legal fees	27,820
Claims payments	(15,922)
Balance at fiscal year end	<u>\$ 12,398</u>

NOTE R - FUNDS DEFICIT

The following fund has a deficit in retained earnings at June 30, 1997.

Employee Health Insurance	<u>\$ (88,704)</u>
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NOTE S - EXPENDITURES - ACTUAL AND BUDGET

The General Fund had actual expenditures of \$18,002,905 over budgeted expenditures of \$15,679,071 thus creating an unfavorable variance of \$2,323,874.

ST. TAMMANT PARISH SHERIFF
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1997

NOTE T - RESERVE/FUND BALANCE

Reserve for inventories - The reserve for inventories was created to represent the portion of the fund balance that is not available for expenditure because the Sheriff expects to use those resources within the next budgetary period.

NOTE U - SUBSEQUENT EVENTS

The Sheriff was awarded a Cop's More Grant for the period beginning January 1, 1997 and ending June 30, 1998. The awarded amount of \$1,002,257 is to be used for law enforcement personnel and equipment for the Sheriff's office as well as the police departments of the municipalities within the Parish. As of June 30, 1997, the Sheriff has not received or disbursed any funds related to this grant.

As noted in Note H, the 1988 ad valorem tax of 4.89 mills was renewed for another ten years in an election held on October 18, 1997.

SUPPLEMENTAL INFORMATION

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

ST. TAMMANY PARISHSHERIFF
St. Tammany Parish, Louisiana

COMBINING BALANCE SHEET -
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

June 30, 1997

	Employee Health	Risk Management	Total
ASSETS			
Cash	\$ 48,862	\$ 94,843	\$ 143,705
Receivables	1,531	-	1,531
Due from other funds	166,905	-	166,905
Total Assets	\$ 217,298	\$ 94,843	\$ 312,141
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 291,282	\$ 17,398	\$ 308,680
Due to other funds	-	4,682	4,682
Total Liabilities	291,282	17,080	308,362
Fund Equity			
Retained earnings (deficit)	188,204	27,883	216,087
Total Liabilities and Fund Equity	\$ 217,298	\$ 94,843	\$ 312,141

ST. TAMMANY PARISH SHERIFF
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUND

For the Year Ended June 30, 1997

	Employee Health	Risk Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$ (17,115)	\$ 73,000	\$ 44,969
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:			
Decrease in accounts receivable	52,811	-	52,811
Increase in due from other funds	(166,903)	-	(166,903)
Decrease in bank overdraft	(42,613)	-	(42,613)
Increase in accounts payable	220,998	12,188	232,996
Increase in due to other funds	-	4,642	4,642
Total adjustments	63,293	17,040	80,333
Net cash provided by operating activities	36,178	89,120	125,898
CASH FLOWS FROM INVESTING ACTIVITIES:			
Receipts of interest	3,284	3,723	7,007
Net cash provided by investing activities	3,284	3,723	7,007
NET INCREASE IN CASH AND CASH EQUIVALENTS			
	40,082	94,843	134,968
Cash, beginning of year	-	-	-
Cash, end of year	\$ 40,082	\$ 94,843	\$ 134,968

FIDUCIARY FUND TYPE - AGENCY FUNDS

ST. TAMMANY PARISH SHERRIF
St. Tammany Parish, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

As of and for the Year Ended June 30, 1997

SHERIFF'S FUND

The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments. It also accounts for the collection of bonds, probation fines, and disbursement of those collections, in accordance with applicable law.

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1954, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

INMATE FUND

The Inmate Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentence.

FINES AND COST FUND

The Fines and Cost Fund accounts for the collection and settlement of fines and costs received by the courts in accordance with applicable laws.

ST. TAMMANY PARISH GOVERNMENT
 St. Tammany Parish, Louisiana

PROCESSED FUND TYPE - AGENCY FUNDS

COMBINED BALANCE SHEET

June 30, 1987

	<u>ASSETS</u>	<u>TAX COLLECTOR</u>	<u>IMMATE FUND</u>	<u>FIRE & COBT</u>	<u>TOTAL</u>
Assets					
Cash	\$ 478,880	\$ 8,000,000	\$ 41,281	\$ 285,587	\$ 8,865,748
Receivables	_____	128	_____	_____	128
TOTAL ASSETS	<u>\$ 478,880</u>	<u>\$ 8,000,128</u>	<u>\$ 41,281</u>	<u>\$ 285,587</u>	<u>\$ 8,866,086</u>
LIABILITIES					
Due to taxing bodies and others	\$ 673,480	\$ 8,000,000	\$ 41,281	\$ 285,587	\$ 8,866,086

OF TARRANT COUNTY - BUDGET
 IS TARRANT COUNTY, TEXAS

FISCAL YEAR 1967 - AGENT FUND

COMPARISON OF CHANGES IN BALANCE SHEET FOR
 FUND BALANCE AND OTHERS
 FOR THE YEAR ENDING JUNE 30, 1967

	BALANCE AT BEGINNING OF YEAR	REVENUES	EXPENDITURES	TRANSFERS	OTHER CHANGES	TOTAL
ASSETS						
Cash	1,787,540	37,889	2,000,000	228,887	7,338,278	3,403,694
Accounts receivable	479,188		288,207		2,000,000	2,767,395
Prepaid expenses					12,883	12,883
Other assets					3,000,000	3,000,000
Total, 6/30, 1967	2,266,728	37,889	2,288,207		5,351,161	5,351,161
LIABILITIES						
Accounts payable	18,853					18,853
Accrued salaries	1,345,000					1,345,000
Other liabilities						
Total, 6/30, 1967	1,363,853					1,363,853
NET ASSETS						
Total, 6/30, 1967	902,875	37,889	2,288,207		5,351,161	5,351,161
REVENUES						
Taxes, fees, etc.	188,843,882					188,843,882
Grants and gifts	418,458					418,458
Interest	82,818					82,818
Other	2,973,287					2,973,287
Total, 6/30, 1967	192,238,445					192,238,445
EXPENDITURES						
Salaries and wages	1,345,000					1,345,000
Travel	28,154					28,154
Printing	207,807					207,807
Utilities	1,000,792					1,000,792
Telephone	17,483					17,483
Supplies	488,872					488,872
Other	28,287					28,287
Total, 6/30, 1967	2,906,395					2,906,395
NET INCREASE						
Total, 6/30, 1967	538,922	37,889	2,288,207		5,351,161	5,351,161

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

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

We have audited the financial statements of the St. Tammany Parish Sheriff as of and for the year ended June 30, 1997, and have issued our report thereon dated October 29, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported orally to management of the St. Tammany Parish Sheriff in an exit conference held December 23, 1997.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported orally to management of the St. Tammany Parish Sheriff in an exit conference held on December 23, 1997.

1116

This report is intended for the information of the management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Harold & Associates, L.L.C.

October 29, 1997