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OFFICE OF THE ATTORNEY GENERAL

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R E P O R T

ST. BERNARD PARISH SCHOOL

DELRIDGE, LOUISIANA

JUNE 28, 1960

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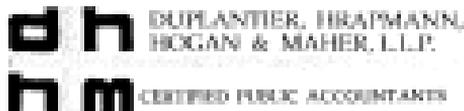
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ST. BERNARD PARISH SHERIFF

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### INDEPENDENT AUDITOR'S REPORT

October 22, 1998

Honorable Jack A. Stephens  
St. Bernard Parish Sheriff  
Chalmette, Louisiana 70343

We have audited the accompanying general purpose financial statements of the St. Bernard Parish Sheriff as of and for the year ended June 30, 1998, as listed in the index to the report. These general purpose financial statements are the responsibility of the St. Bernard Parish Sheriff's office management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. Bernard Parish Sheriff as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements, taken as a whole. The combining balance sheet and the schedule of changes in balances due to taxing bodies and others of the individual fiduciary fund type - agency funds are presented for purposes of additional analysis and are not a required part of the financial statements of the St. Bernard 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 presented 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 22, 1998 on our consideration of the St. Bernard Parish Sheriff's internal control over financial reporting and on its compliance with laws and regulations.

*Duplantier, Hrapmann, Hogan & Maher, L.L.P.*

ST. BERNARD PARISH SHERIFF  
CHARLOTTE, LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
JUNE 30, 1998

ASSETS AND OTHER DEBITS	GOVERNMENTAL	FISCALIAN	ACCOUNT GROUPS		TOTAL (PERMANENT FUND)
	FUND - GENERAL (500)	FUND - AGENCY FUNDS	GENERAL FUND ASSETS	GENERAL LONG-TERM OBLIGATIONS	
<b>Assets:</b>					
Cash and cash equivalents (Note 1)	\$ 1,704,000	\$ 1,180,000	\$ --	\$ --	\$ 2,884,000
Restricted cash (Investments, et cetera)	15,820	--	--	--	15,820
Receivables (Note 4)	--	381,420	--	--	381,420
Due from other funds (Note 5)	1,404,540	--	--	--	1,404,540
Building improvements and equipment (Note 6)	--	3,540	2,810,250	--	2,813,790
Other	17,000	--	--	--	17,000
<b>Other debits:</b>					
Amount to be provided for retirement of general long-term obligations	--	--	--	311,720	311,720
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 2,236,460</b>	<b>\$ 1,564,820</b>	<b>\$ 2,810,250</b>	<b>\$ 311,720</b>	<b>\$ 5,323,250</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>					
<b>Liabilities:</b>					
Accounts, salaries, and withholdings payable	\$ 388,686	\$ --	\$ --	\$ --	\$ 388,686
Restricted payable	14,870	--	--	--	14,870
Due to other funds (Note 5)	3,540	--	--	--	3,540
Due to lending bodies and others	--	4,845,820	--	--	4,845,820
Capital lease obligations (Note 11)	--	--	--	311,720	311,720
<b>Total Liabilities</b>	<b>\$ 417,106</b>	<b>\$ 4,845,820</b>	<b>\$ --</b>	<b>\$ 311,720</b>	<b>\$ 5,574,646</b>
<b>Equity and other credits:</b>					
Investment in general fund assets (Note 5)	--	--	2,500,250	--	2,500,250
Fund balances:					
Unreserved - undesignated	2,348,874	--	--	--	2,348,874
<b>Total equity and other credits</b>	<b>2,348,874</b>	<b>--</b>	<b>2,500,250</b>	<b>--</b>	<b>4,849,124</b>
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>\$ 2,236,460</b>	<b>\$ 4,845,820</b>	<b>\$ 2,500,250</b>	<b>\$ 311,720</b>	<b>\$ 5,323,250</b>

The accompanying notes are an integral part of this statement.

ST. BERNARD PARISH SHERIFF  
 CRAWFORD, LOUISIANA  
 GOVERNMENTAL FUND - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 1990

## REVENUES (NOTE 1)

Taxes:	
Ad valorem	\$ 1,800,447
Sales taxes	3,186,874
Video poker	587,472
Intergovernmental revenues:	
Operating federal and state grants (Note 17)	216,375
Other state grants:	
State supplemental pay	600,333
State revenue sharing	318,376
Fees, charges and commissions for services:	
Commissions:	
Sales taxes, licenses, etc.	2,066,663
Physician care and maintenance	2,318,731
Civil and criminal fees and court costs	380,664
Interest	85,243
Other	264,762
Total revenues	12,806,618

## EXPENDITURES (NOTE 1)

Public safety:	
Personnel services and related benefits	8,478,382
Operating services	3,972,537
Materials and supplies	689,743
Travel and other charges	25,207
Debt service	231,948
Capital outlay (Note 6)	389,578
Miscellaneous	79,629
Total expenditures	13,777,597
Excess of revenues over expenditures	129,021
Other financing sources:	
Capital leases (Note 11)	136,748
Total other financing sources	136,748
Excess of revenues and other financing sources over expenditures	669,769
FUND BALANCE AT BEGINNING OF YEAR	1,489,500
FUND BALANCE AT END OF YEAR	\$ 2,348,824

The accompanying notes are an integral part of this statement.

ST. BERNARD PARISH SHERIFF  
CAJALOUTE, LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET - BAP AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1998

REVENUES	BUDGET	ACTUAL	VARIANCE FAVORABLE [UNFAVORABLE]
Taxes:			
Ad valorem	\$ 1,000,000	\$ 1,870,447	\$ 70,447
Sales taxes	3,000,000	3,190,874	190,874
Video poker	300,000	387,472	77,472
Intergovernmental revenues:			
Operating federal and state grants	175,000	230,273	80,273
Other state grants:			
State supplemental pay	510,000	680,353	85,353
State number sharing	337,000	318,778	(18,222)
Fees, charges and commissions for services:			
Commissions:			
Sales taxes, licenses, etc.	1,875,000	2,058,553	233,553
Prisoner care and maintenance	2,300,000	2,718,251	418,251
Civil and criminal fees and court costs	680,000	388,884	(291,116)
Interest	—	83,243	83,243
Other	280,400	325,752	78,247
Total revenues	<u>31,281,900</u>	<u>32,095,600</u>	<u>814,213</u>
EXPENDITURES			
Public safety:			
Personnel services and related:			
Benefits	8,000,000	8,476,360	(475,862)
Operating services	2,160,000	1,829,337	330,663
Material and supplies	580,000	686,743	(106,743)
Travel and other charges	35,000	36,700	(1,700)
DEW service	—	371,846	(371,846)
Capital outlay	530,000	399,578	130,422
Miscellaneous	—	39,322	(39,322)
Total expenditures	<u>11,285,000</u>	<u>11,772,907</u>	<u>(487,392)</u>
Excess of revenues over expenditures	—	323,821	323,821
Other financing sources:			
Capital leases	—	336,746	336,746
Total other financing sources	—	336,746	336,746
Excess of revenues and other financing sources over expenditures	—	660,767	660,767
Fund balance at beginning of year	1,288,833	1,608,107	420,424
FUND BALANCE AT END OF YEAR	<u>\$ 1,288,833</u>	<u>\$ 2,268,874</u>	<u>\$ 1,080,160</u>

The accompanying notes are an integral part of this statement.

ST. BERNARD PARISH SHERIFF  
 DEMITRIE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-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 exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance in other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying financial statements of the St. Bernard Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**REPORTING ENTITY**

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 (a) the primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining 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 financial accountability. This criteria includes:

ST. BERNARD PARISH SHERIFF  
 ORLALETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY (Continued)

- 1) Appointing a voting majority of an organization's governing body, and
  - a) the ability of the parish government to impose its will on that organization and/or
  - b) 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 are fiscally dependent on the parish government.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

For the following reasons, the St. Bernard Parish Sheriff is not considered to be a component unit of the St. Bernard Parish Government, the reporting entity:

- 1) The St. Bernard Parish Government does not have the ability to appoint or impose its will on the Sheriff.
- 2) The St. Bernard Parish Sheriff is not fiscally dependent on the parish government.
- 3) The relationship between the Sheriff and the St. Bernard Parish Government is not significant and therefore the Parish Government's financial statements are not misleading because of the exclusion of the Sheriff's financial information.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

FUND ACCOUNTING

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

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**ST. BERNARD PARISH SHERIFF  
CHALETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**FUND ACCOUNTING (Continued)**

Funds of the Sheriff are classified into two categories: governmental (General Fund) and fiduciary (agency funds). These funds are described as follows:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 53:1422, 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 sales taxes (see page 10) and ad valorem tax levied by the law enforcement district. Other sources of revenue include commissions on sales taxes, state revenue sharing, state supplemental pay for deputies, civil and criminal fees, fees for court attendance and maintenance of prisoners, et cetera. General operating expenditures are paid from this fund.

**Agency Funds**

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

**BAIS 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 focus applied. The General Fund is accounted for using a flow of current financial resources measurement focus. The accompanying general purpose financial statements have been prepared on the modified accrual basis of accounting, (except for the Tax Collector Agency Fund, which is prepared on the cash basis of accounting, which approximates the modified accrual basis of accounting). The General Fund uses the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and commissions earned from the related state revenue sharing (which is based upon population and households in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed for the calendar year and become due on November 15 of each year and delinquent on December 31. The taxes are generally collected in December of the assessed year and January and February of the ensuing year.

Sales tax revenues are recognized by the Sheriff on the accrual basis. Intergovernmental revenues, fees, commissions, and grants are recorded when the Sheriff is entitled to the funds.

ST. BERNARD PARISH SHERIFF  
COMMITTEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

BASIS OF ACCOUNTING: (Continued)

Revenues: (Continued)

Interest income on investments is recorded when the investments have matured and the income is available.

Substantially all other revenues are recorded when received.

Expenditures:

Expenditures are generally recognized under the accrual basis of accounting when the related fund liability is incurred. Expenditures typically include salaries, office supplies and capital outlays.

Other Financing Sources (Uses):

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases or other debt are recorded as expenditures and other financing sources at the time of acquisition. Transfers (between funds that are not expected to be repaid) are accounted for as other financing sources (uses) when the transfer is authorized by the Sheriff.

BUDGET PRACTICES:

The proposed budget for 1998 was made available for public inspection on June 10, 1997. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal thirteen days before the public hearing, which was held at the St. Bernard Parish Sheriff's office on June 27, 1997, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the Sheriff.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward in the subsequent year as beginning fund balances.

Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device. However, periodic comparisons of budget and actual amounts are made. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits,

ST. BERNARD PARISH SHERIFF  
CHARLOTTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1988

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Tax collections must be deposited in a bank domiciled in the parish where the funds are collected.

Under state law, the Sheriff may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost. See note 3 for the detail on investments and collateralization.

FIXED ASSETS

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. General fixed assets provided by the parish government are not recorded within the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Fair market value at the date of acquisition or donation is used for donated fixed assets and fixed assets when historical cost is not available. Historical cost was not available for a minor amount of fixed assets.

COMPENSATED ABSENCES

The Sheriff's office has the following policy relating to vacation and sick leave:

Employees earn vacation based on continuous service as follows:

<u>Time in Service</u>	<u>Vacation Earned</u>
Up to 3 years	10 days per year
4 to 10 years	15 days per year
over 10 years	20 days per year

Annual leave cannot be accumulated and must be used in the year earned.

Sick leave is earned at a rate of one day per month of service and can be accumulated up to 90 days. Sick leave is lost upon termination. The cost of current leave privileges is recognized as a current-year expenditure in the governmental fund when the leave is actually taken. At June 30, 1988, there are no accumulated and vested leave privileges to be accrued in accordance with governmental standards.

ST. BERNARD PARISH SHERIFF  
 GRAINETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from the General Fund are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the General Fund when due.

FUND EQUITY

RESERVE

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

Designated Fund Balance

Designated fund balance represents tentative plans for future use of financial resources.

SALES TAXES

Effective January 1, 1993, the Law Enforcement District of the Parish of St. Bernard, State of Louisiana (the "District"), under the provisions of Article VI, Section 30 of the Constitution of the State of Louisiana of 1974, Chapter 20 of Title 33 of the Louisiana Revised Statutes of 1990, as amended, and other constitutional and statutory authority, was authorized to levy and collect a tax of one-half of one percent (1/2%) (the "tax") upon the sale at retail, the use, and the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and on sales of services in the District, all as presently defined in La. R.S.40:301 through La.R.S.40:317, inclusive, for a period of ten (10) years from the date of the first levy of the tax. The proceeds of the tax (after paying the reasonable and necessary costs and expenses of collecting and administering the tax) are dedicated and used for the purpose of paying salaries and benefits of law enforcement personnel, including the addition of thirty-five new deputies in the patrol, juvenile and narcotics divisions; paying the cost of training for law enforcement personnel; funding juvenile and narcotics programs; paying the cost of constructing, acquiring and/or improving two new substations and other law enforcement facilities; and paying the cost of acquiring equipment.

The Sheriff agreed to rollback the commission charged for collecting and administering the collection of sales taxes in St. Bernard Parish from 6% to 0% for a two year period effective April 1, 1993. As of June 30, 1998, the rollback remains in effect and 0% is still being collected on Parish sales taxes.

ST. BERNARD PARISH Sheriff  
 DISTRICT, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

**TOTAL COLUMN ON BALANCE SHEET**

The total column on the balance sheet is captioned Memorandum Only 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.

2. **LEIRED TAXES-**

In accordance with La. S.S. 47:1706, the Law Enforcement District of the Parish of St. Bernard annually furnishes the Assessor the authorized millage to be applied to the assessed value for ad valorem taxes.

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

	Authorized Millage	Levied Millage	Expiration Date
Police District	18.80	18.80	2000

3. **CASH, CASH EQUIVALENTS AND INVESTMENTS:**

At June 30, 1998, the Sheriff has cash, cash equivalents, and investments (book balances) totaling \$6,792,491 as follows:

	General Fund	Agency Funds	Total
Cash	\$ 1,422,425	\$ --	\$ 1,422,425
Demand deposits: Interest-bearing		187,049	187,049
Demand deposits	1,248,942	5,001,045	6,250,987
Deferred Compensation Plan (FERSDB)		181,429	181,429
Total	\$1,248,942	\$6,182,472	\$6,792,491

See note 1 for investments allowed under Louisiana law. See note 6 for investment in Public Employees Benefit Services Corporation Deferred Compensation Program (PERDB). This plan invests in various types of mutual funds selected by each individual participant in the plan.

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 a holding or custodial bank that is mutually acceptable to both parties.

ST. BERNARD PARISH SHERIFF  
CORNETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1988

3. CASH, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

At June 30, 1988, the Sheriff has \$6,618,571 in deposits (collected cash balances). These deposits are held by two banks and are secured from risk by \$200,000 of federal deposit insurance and pledged securities held in joint custody at the federal reserve banks, Nashville, Tennessee and New Orleans, Louisiana, respectively.

4. RECEIVABLES:

The receivables of \$1,468,562 at June 30, 1988 are as follows:

Class of Receivable	General Fund	Agency Funds	Total
St. Bernard Parish Sheriff Tax Collector	\$ 948,274	\$ --	\$ 948,274
St. Bernard Parish Government	108,489	--	108,489
Other parties	29,315	--	29,315
State of Louisiana	179,386	--	179,386
U.S. Government	178,257	--	178,257
Federal and state grants	33,831	--	33,831
Other	800	800	800
<b>TOTAL</b>	<b>\$1,468,562</b>	<b>\$800</b>	<b>\$1,469,362</b>

5. DUO FROM/TO OTHER FUNDS:

Individual balances due from/to other funds at June 30, 1988 are as follows:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$ --	\$1,441
Cash Bond Agency Fund	3,261	--
<b>Total</b>	<b>\$3,261</b>	<b>\$1,441</b>

6. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets follows:

	Balance, July 1, 1988		Additions	Exirements	Balance, June 30, 1988
Land, and building improvements	\$ 258,868	\$ 1,106	\$ --	\$ --	\$ 259,974
vehicles	1,268,729	187,418	--	--	1,456,147
Office furniture and equipment	473,431	81,995	--	--	555,426
Law enforcement weapons and communications equipment	484,818	9,080	--	--	493,898
<b>Total</b>	<b>\$2,285,846</b>	<b>\$287,599</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$2,573,445</b>

See Note 9 for an analysis of capital leases included in above.

ST. BERNARD PARISH SHERIFF  
 SHREVEPORT, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

7. PENSION PLAN:

Plan description. Substantially all employees of the St. Bernard Parish Sheriff's Office are members of the Louisiana Sheriffs' Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All sheriffs and all deputies who are found to be physically fit, who earn at least \$408 per month, and who were between the ages of 18 and 50 at the 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 2.5 percent for each year if total service is at least 12 but less than 20 years, 2.1% percent for each year if total service is at least 15 but less than 20 years, and 2 percent for each year if total service is at least 20 years (Act 1117 of 1996 increased the accrual rate by 0.25 percent for all service rendered on or after January 1, 1998.) In any case, the retirement benefit cannot exceed 500 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 do not withdraw their employee contributions may retire at or after age 55 and receive the benefit 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 benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit in which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs' Pension and Relief Fund, Post Office Box 3185, Monroe, Louisiana 71220, or by calling (504) 362-3185.

Funding Policy. Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the St. Bernard Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds as required and available from insurance premium taxes. The contribution requirements of plan members and the St. Bernard Parish Sheriff are established and may be amended by state statute. As provided by R.S. 11:155, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuations for the prior fiscal year. The St. Bernard Parish Sheriff's contributions to the System for the years ending June 30, 1995, 1997, and 1998, were \$240,518, \$263,803, and \$263,562, respectively, equal to the required contributions for each year.

ST. BERNARD PARISH SHERIFF  
 CRAHMETTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

**8. DEFERRED COMPENSATION PENSION FUND:**

All employees of the St. Bernard Parish Sheriff are required by law to contribute to a pension fund. Those employees who are not Sheriffs or deputies and therefore not eligible to participate in the Louisiana Sheriffs' Pension and Relief Fund pension plan (See note 7), have the option of participating in the Louisiana Public Employees' Deferred Compensation Plan, or the Public Employees Benefit Services Corporation Deferred Compensation Program.

The Louisiana Public Employees' Deferred Compensation Plan (the "Plan") was adopted by the Louisiana Deferred Compensation Commission, effective September 15, 1987. The Plan was established in accordance with Louisiana Revised Statutes 42:1301 through 42:1308 and Section 461 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees and independent contractors by permitting such individuals to defer a portion of compensation to be invested and distributed in accordance with the terms of the Plan.

Effective September 14, 1987, the Plan was amended and restated in its entirety. The restated Plan superseded all plans and rules previously adopted in connection with the Louisiana Public Employees' Deferred Compensation Plan.

The plan document states that no fund or other account shall be established to provide benefits under the terms of the Plan. All deferred compensation, property and rights purchased with deferred compensation and income or earnings attributable to deferred compensation, property or rights shall constitute assets of the State of Louisiana and remain (until made available to a participant or beneficiary) the property of the State of Louisiana, subject only to the claims of the general creditors of the State of Louisiana. [Effective January 1, 1990, the Plan will be amended whereby all compensation deferred under the Plan, all property and rights purchased with such amounts and all income attributed to such amounts, property or rights shall be held for the exclusive benefit of participants and their beneficiaries.] The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lesser of 25 1/3% of a participant's includable compensation or \$7,500. The amount of the compensation deferred is reduced by compensation excludable from a participant's gross income under Internal Revenue Code Section 402(b), if any, which is attributable to contributions made by the employer.

The following is a summary of the payrolls covered and contributions made to the plan during fiscal year ended June 30, 1998:

Total covered payroll	<u>\$126,848</u>	
	<u>6/30/98</u>	
	<u>Percent</u>	<u>Amount</u>
Contributions		
Employer	5.00%	\$6,342
Employee	6.15%	\$7,788
Total	<u>11.15%</u>	<u>\$14,130</u>

**ST. BERNARD PARISH SHERIFF  
COMMITTEE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998**

**8. DEFERRED COMPENSATION FUND: (Continued)**

The Public Employees Benefit Services Corporation Deferred Compensation Program (the Program) was adopted effective March 1, 1986. The Program was established in accordance with section 407 of the Internal Revenue Code of 1954, as amended, for the purpose of providing supplemental retirement income to employees by permitting each individual to defer a portion of compensation to be invested and distributed in accordance with the terms of the Program.

The Program document states that all deferred compensation, property and rights purchased with deferred compensation and income or earnings attributable to deferred compensation, property or rights shall constitute assets of the employer until they are paid out to the participant, subject only to the claims of the general creditors of the St. Bernard Parish Sheriff. (Effective September 29, 1998, the Plan was amended whereby all assets and income are held in a trust (fiduciary account for the exclusive benefit of the participant and their beneficiaries.)

The maximum amount of compensation which may be deferred during a calendar year shall not exceed the lesser of 33 1/3% of a participant's includible compensation or \$2,000.

The following is a summary of the deferrals made to the Program during the fiscal year ended June 30, 1998:

	<b>\$511,000</b>	
	<u>June 30, 1998</u>	
	<u>Percent</u>	<u>Dollars</u>
Contributions:		
Employer	5.00%	\$ 25,551
Employee	11.23%	\$ 57,924
Total	<u>16.23%</u>	<u>\$113,475</u>

Additional information relating to benefits payable under the Plans is provided in the Plan documents.

**9. LEASES:**

The Sheriff records assets acquired through capital leases as an asset and an obligation in the accompanying financial statements. Leases have been entered into to provide computers, copiers, telephone equipment, radios and automobiles. During the fiscal year ended June 30, 1998 new leases were executed for fourteen Ford Crown Victorias, a Minolta copier and computer equipment. The following is an analysis of capital leases as of June 30, 1998:

	<u>ASSETS ON LEASE</u>			<u>Balance June 30, 1998</u>
	<u>Balance July 1, 1997</u>	<u>New Leases</u>	<u>Leases Paid Out</u>	
Vehicles	\$194,327	\$997,418	\$235,833	\$955,912
Office furniture & equipment	27,831	27,828	---	55,659
	<u>\$222,158</u>	<u>\$1,025,246</u>	<u>\$235,833</u>	<u>\$1,012,571</u>

ST. BERNARD PARISH SHERIFF  
CHALMETTE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

9. LIABILITIES (continued)

All of the equipment relating to leases paid out during the year was retained by the Sheriff by exercising options to retain title. In most cases leases allowed transfer at end of lease, in other cases a minimal one dollar payment was required to transfer ownership.

Future minimum lease payments under capital leases, together with the present value of net minimum lease payments, as of June 30, 1998, are scheduled as follows:

Fiscal year:	
1998-1999	\$291,648
1999-2000	129,738
2000-2001	3,818
Total minimum lease payments	425,204
Less: Amounts representing interest	(18,832)
Net minimum lease payments	<u>\$206,372</u>

The Sheriff has entered into operating leases for a building used as a sub station and a equipment storage, repair and communication facility. The minimum lease payments due under the lease are as follows:

Fiscal year:	1999	\$33,280
	2000	1,080
	2001	8,725
		<u>\$43,085</u>

Total real expense incurred during the fiscal year ended June 30, 1998 was \$25,086.

10. CHANGES IN AGENCY FUND BALANCES

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

	Balance at 1-1-97	Additions	Reductions	Balance at 6-30-98
Agency Funds:				
Tax Collector	\$4,736,259	\$48,146,738	\$47,890,729	\$4,892,267
Cash Bond Fund	372,821	115,385	80,962	407,244
Civil Fund	46,571	760,585	783,298	46,858
Deferred Comp. Program	214,053	146,565	--	360,618
Total	<u>\$5,329,704</u>	<u>\$49,169,273</u>	<u>\$49,754,989</u>	<u>\$5,644,201</u>

**ST. BERNARD PARISH SHERIFF**  
**CHALMETTE, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 1998**

**11. CHANGES IN GENERAL LONG-TERM OBLIGATIONS:**

The following is a summary of long-term obligation transactions during the year:

	Capital Leases <u>(Note 8)</u>
Long-term obligations payable at July 3, 1997	\$ 213,800
additions	214,746
deductions	(213,640)
adjustments	(15,580)
Long-term obligations payable at June 30, 1998	\$ 213,318

**12. LITIGATION AND CLAIMS:**

At June 30, 1998, the St. Bernard Parish Sheriff is a defendant in several lawsuits seeking damages. These lawsuits are in various stages of resolution and since these cases and claims are characterized by conditions and complexities estimation of the ultimate liability is extremely difficult. In cases where judgments have been reached, Louisiana courts have ruled that plaintiffs can not seize the assets of the Sheriff. Accordingly, no provision for any liability that may result is made in the financial statements until the funds are appropriated by the Sheriff.

The largest exposure related to claims and judgments at June 30, 1998 is estimated at \$225,000. None of these claims were appropriated by the Sheriff as of June 30, 1998. Therefore, no contingency for an expense has been accrued in the General Fund.

**13. SELF INSURANCE:**

Effective October 3, 1995, the Sheriff's Office obtained a one year excess insurance policy for self insurance of workmen's compensation and employer liability claims up to \$250,000 per employee. The excess is insured under an insurance policy. The fund is administered by an independent insurance service company.

There was no claims liability to be accrued as of June 30, 1998.

**14. TAXES PAID UNDER PROTEST:**

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 1998, as reflected on Combined Balance Sheet, include \$1,956,885 of taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$337,566. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

On October 29, 1998, a judgment was rendered requiring the taxpayer to pay delinquent taxes, interest, and attorney fees totaling \$1,459,587, as well as all writ and court costs.

ST. BERNARD PARISH SHERIFF  
 CHAUNOTTE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 1998

15. EXPENDITURES OF THE SHERIFF'S OFFICE PAID BY THE PARISH GOVERNMENT:

Certain operating expenditures of the Sheriff's office are paid by the parish government and are not included in the accompanying financial statements. These expenditures include certain costs associated with prisoner care, utilities and repairs for the building used by the Sheriff but owned by the parish government.

16. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unexpired transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

17. FEDERAL FINANCIAL ASSISTANCE:

The sheriff participates in the following Federal financial assistance programs:

<u>PROGRAM TITLE</u>	<u>AMOUNT</u>
Criminal Apprehension and Gang Eradication Deployment	\$ 45,768
Drug Abuse Resistance Education	41,543
Law Enforcement Equipment	11,716
Total Federal assistance programs passed through State of Louisiana	<u>\$109,027</u>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FIDUCIARY FUNDS - AGENCY FUNDS  
 COMBINED BALANCE SHEET  
 JUNE 30, 1995

	TREASURY COLLECTION FUND	CASH BOND FUND	CIVIL FUND	DEFERRED COMPENSATION PLAN FUND	TOTAL
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,988,257	\$ 147,889	\$ 46,784	\$ --	\$ 5,182,930
Due from other funds	--	3,581	--	--	3,581
Investments	--	--	--	361,420	361,420
<b>TOTAL ASSETS</b>	<b>\$ 4,988,257</b>	<b>\$ 151,470</b>	<b>\$ 46,784</b>	<b>\$ 361,420</b>	<b>\$ 5,545,831</b>
<b>LIABILITIES</b>					
Due to taxing bodies and others	\$ 4,988,257	\$ 151,470	\$ 46,784	\$ 361,420	\$ 5,545,831
<b>TOTAL LIABILITIES</b>	<b>\$ 4,988,257</b>	<b>\$ 151,470</b>	<b>\$ 46,784</b>	<b>\$ 361,420</b>	<b>\$ 5,545,831</b>

ST. BERNARD PARISH SHERIFF  
 CHALMETTE, LOUISIANA  
 FINANCIAL FUNDS - ASSEY FUNDS  
 SCHEDULE OF CHANGES IN BALANCES DUE  
 TO TAXING BOODIES AND OTHERS  
 FOR THE YEAR ENDED JUNE 30, 1998

	TAX COLLECTOR FUND	CASH BOND FUND	CITIL Fund	DEFERRED COMPENSATION FUND	TOTAL
BALANCES AT JULY 1, 1997	\$ 4,339,758	\$ 122,822	\$ 49,572	\$ 214,865	\$ 5,127,017
ADDITIONS:					
Deposits:					
Judicial sales & costs	--	--	790,505	--	790,505
Bonds	--	115,325	--	--	115,325
Taxes, fees, etc., paid to tax collector	47,967,808	--	--	--	47,967,808
Interest	158,312	--	--	--	158,312
Net deferrals, gains, withdrawals and transfers	--	--	--	140,565	140,565
Total additions	48,146,718	115,325	790,505	140,565	49,193,113
Total	52,486,476	238,147	840,077	355,430	54,320,130
DEDUCTIONS:					
Taxes, fees, etc., distributed to taxing bodies and others	47,829,942	--	--	--	47,829,942
Deposits settled to: obligants, allotments, appraisers, etc.	--	85,982	793,298	--	879,280
Other reductions: restitution and refunds	73,770	--	--	--	73,770
Total reductions	47,903,712	85,982	793,298	--	48,773,000
BALANCES AT JUNE 30, 1998	\$ 4,582,764	\$ 152,165	\$ 46,779	\$ 355,430	\$ 5,137,138

ST. BERNARD PARISH SHERIFF  
 THIBOUTTE, LOUISIANA  
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
 FINANCIAL REPORTING BASED ON A FINANCIAL STATEMENT AUDIT PERFORMED  
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

October 22, 1998

Honorable Jack A. Stephens  
 St. Bernard Parish Sheriff  
 Chalmette, Louisiana

We have audited the general purpose financial statements of the St. Bernard Parish Sheriff, as of and for the year ended June 30, 1998, and have issued our report thereon dated October 22, 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.

#### Compliance

As part of obtaining reasonable assurance about whether the St. Bernard Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Bernard 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 a material weakness. 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 a material weakness.

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

*Stephanie M. Hayslip, CPA*