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**Financial Report**  
**St. Bernard Parish Government**  
**Chalmette, Louisiana**  
**December 31, 2002**



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 8/6/03

# TABLE OF CONTENTS

## ST. BERNARD PARISH GOVERNMENT

December 31, 2002

|   | <u>Page<br/>Number</u> |
|---|------------------------|
| <b>Introductory Section</b>   |                        |
| Title Page .....  | i                      |
| Table of Contents .....   | ii                     |
| <b>Financial Section</b>  |                        |
| Independent Auditor's Report .....  | 1                      |
| General Purpose Financial Statements  |                        |
| Combined Balance Sheet - All Fund Types and Account<br>Groups and Discretely Presented Component Unit .....   | 3                      |
| Combined Statement of Revenues, Expenditures, and Changes<br>in Fund Balances - All Governmental Fund Types .....   | 5                      |
| Combined Statement of Revenues, Expenditures, and Changes<br>in Fund Balances - Budget and Actual - General Fund<br>and Special Revenue Funds .....         | 7                      |
| Combined Statement of Revenues and Expenses - All Proprietary<br>Fund Types and Discretely Presented Component Unit .....                                   | 9                      |
| Combined Statement of Changes in Retained Earnings<br>and Contributed Capital - All Proprietary Fund Types and<br>Discretely Presented Component Unit ..... | 10                     |
| Combined Statement of Cash Flows - All Proprietary Fund Types<br>and Discretely Presented Component Unit .....  | 11                     |
| Notes to General Purpose Financial Statements .....   | 13                     |
| <b>Supplementary Information Section</b>  |                        |
| Combining Financial Statements - Governmental Fund Types:   |                        |

**TABLE OF CONTENTS (CONTINUED)**  
**ST. BERNARD PARISH GOVERNMENT**

December 31, 2002

|   | <u>Page<br/>Number</u> |
|---|------------------------|
| <b>Special Revenue Funds:</b>   |                        |
| Combining Balance Sheet .....   | 65                     |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances .....                        | 68                     |
| <b>Debt Service Funds:</b>  |                        |
| Combining Balance Sheet .....   | 74                     |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances .....                        | 76                     |
| <b>Capital Projects Funds:</b>  |                        |
| Combining Balance Sheet .....   | 80                     |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances .....                        | 82                     |
| Schedule of Changes in Long-Term Debt -<br>Governmental and Enterprise Funds .....                          | 84                     |
| <b>Other Supplementary Information Section</b>  |                        |
| Compensation Paid Parish Council Members .....  | 88                     |
| Uniform Financial Reporting Standards for<br>Public Housing Authorities – Financial<br>Data Schedules ..... | 89                     |
| Schedule of Family Daycare Program Expenditures<br>By Budget Category .....                                 | 91                     |
| <b>Required Supplementary Information</b>   |                        |
| Wireless Emergency 911 Services (Unaudited) .....   | 92                     |

**TABLE OF CONTENTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**December 31, 2002**

Page  
Number

**Single Audit Section**

|  |     |
|--|-----|
| Independent Auditor's Report on Compliance and<br>on Internal Control Over Financial Reporting<br>Based on an Audit of the Financial Statements Performed<br>in Accordance with <i>Government Auditing Standards</i> ..... | 93  |
| Independent Auditor's Report on Compliance with<br>Requirements Applicable to each Major Program and<br>on Internal Control Over Compliance in Accordance<br>with OMB Circular A-133 .....                                 | 95  |
| Schedule of Expenditures of Federal Awards .....   | 97  |
| Notes to Schedule of Expenditures of Federal Awards .....  | 100 |
| Schedule of Findings and Questioned Costs .....  | 102 |
| Schedule of Prior Year Findings and Questioned Costs .....   | 111 |
| Management's Corrective Action Plan .....  | 116 |

## **FINANCIAL SECTION**

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the **St. Bernard Parish Government**, (a political subdivision of the State of Louisiana), as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the **St. Bernard Parish Government's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by an other auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those 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 and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **St. Bernard Parish Government** as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2003 on our consideration of the **St. Bernard Parish Government's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of **St. Bernard Parish Government** taken as a whole. The supplementary information and other supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the **St. Bernard Parish Government**. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

The Wireless Emergency 911 Service supplementary information on page 92 is not a required part of the general purpose financial statements but is supplementary information required by the Louisiana Legislative Auditor. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Rebowe & Company*

June 13, 2003

**GENERAL PURPOSE FINANCIAL STATEMENTS**



**COMBINED BALANCE SHEET -  
ALL FUND TYPES AND ACCOUNT GROUPS  
AND DISCRETELY PRESENTED COMPONENT UNIT**

St. Bernard Parish Government

December 31, 2002

|  | Governmental Fund Types |                             |                          |                              | Proprietary Fund Types |                             |                            | Account Groups    |                |               | Total<br>(Memorandum<br>Only)<br>Primary<br>Government | Component<br>Unit | Total<br>(Memorandum<br>Only)<br>Reporting<br>Entity |
|--|-------------------------|-----------------------------|--------------------------|------------------------------|------------------------|-----------------------------|----------------------------|-------------------|----------------|---------------|--|-------------------|--|
|  | General<br>Fund         | Special<br>Revenue<br>Funds | Debt<br>Service<br>Funds | Capital<br>Projects<br>Funds | Enterprise<br>Fund     | Internal<br>Service<br>Fund | General<br>Fixed<br>Assets | Long-Term<br>Debt | General        |               |  |                   |  |
| <b>ASSETS AND OTHER DEBITS</b>                                 |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| <b>Assets</b>  |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| Cash   | \$ 118,372              | \$ 1,522,885                | \$ 1,599,141             | \$ 2,165,421                 | \$ 462,854             | \$ 5,192,466                | \$ -                       | \$ -              | \$ -           | \$ 11,061,139 | \$ 482   | \$ 11,061,621     |  |
| Cash equivalents   | -                       | -                           | -                        | -                            | -                      | 500,000                     | -                          | -                 | -              | 500,000       | 260,391  | 760,391           |  |
| Louisiana Asset Management Pool                                | -                       | -                           | -                        | -                            | -                      | 241,256                     | -                          | -                 | -              | 241,256       | -  | 241,256           |  |
| Investments  | -                       | 2,500,000                   | -                        | -                            | -                      | -                           | -                          | -                 | -              | 2,500,000     | 1,518,529  | 4,018,529         |  |
| Receivables - net  | 3,503,285               | 6,974,028                   | 532,628                  | 522,274                      | 2,617,262              | 30                          | -                          | -                 | -              | 14,169,507    | -  | 14,169,507        |  |
| Special assessments:   |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| Deferred   | -                       | -                           | 160,152                  | -                            | -                      | -                           | -                          | -                 | -              | 160,152       | -  | 160,152           |  |
| Deferred financing costs - net                                 | -                       | -                           | -                        | -                            | -                      | -                           | -                          | -                 | -              | -             | 91,242   | 91,242            |  |
| Due from other funds   | 667,964                 | -                           | -                        | -                            | -                      | 96,017                      | -                          | -                 | -              | 763,981       | -  | 763,981           |  |
| Other assets   | 143,382                 | 99,782                      | -                        | -                            | 184,416                | 41,450                      | -                          | -                 | -              | 469,030       | 4,170  | 473,200           |  |
| Restricted assets:   |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| Cash and cash equivalents:                                     |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| Debt service reserve accounts                                  | -                       | -                           | -                        | -                            | 2,378,013              | -                           | -                          | -                 | -              | 2,378,013     | -  | 2,378,013         |  |
| Other debt service accounts                                    | -                       | -                           | -                        | -                            | 3,909,923              | -                           | -                          | -                 | -              | 3,909,923     | -  | 3,909,923         |  |
| Construction   | -                       | -                           | -                        | -                            | 743,072                | -                           | -                          | -                 | -              | 743,072       | -  | 743,072           |  |
| Renewal and replacement and system improvements accounts       | -                       | -                           | -                        | -                            | 8,471,797              | -                           | -                          | -                 | -              | 8,471,797     | -  | 8,471,797         |  |
| Customer deposits  | -                       | -                           | -                        | -                            | 533,169                | -                           | -                          | -                 | -              | 533,169       | -  | 533,169           |  |
| Receivables - sales tax  | -                       | -                           | -                        | -                            | 634,309                | -                           | -                          | -                 | -              | 634,309       | -  | 634,309           |  |
| Receivables - ad valorem tax                                   | -                       | -                           | -                        | -                            | 149,681                | -                           | -                          | -                 | -              | 149,681       | -  | 149,681           |  |
| Mortgage loans receivable                                      | -                       | -                           | -                        | -                            | -                      | -                           | -                          | -                 | -              | -             | 1,023,915  | 1,023,915         |  |
| Accrued interest on mortgage loans                             | -                       | -                           | -                        | -                            | -                      | -                           | -                          | -                 | -              | -             | 28,890   | 28,890            |  |
| Unamortized debt expense                                       | -                       | -                           | -                        | -                            | 198,769                | -                           | -                          | -                 | -              | 198,769       | -  | 198,769           |  |
| Property, plant and equipment, net                             | -                       | -                           | -                        | -                            | 59,869,333             | 50,310,890                  | -                          | -                 | -              | 110,180,223   | -  | 110,180,223       |  |
| Amount available for debt service funds                        | -                       | -                           | -                        | -                            | -                      | -                           | -                          | 1,493,583         | -              | 1,493,583     | -  | 1,493,583         |  |
| Amount to be provided for retirement of general long-term debt | -                       | -                           | -                        | -                            | -                      | -                           | -                          | 3,979,106         | -              | 3,979,106     | -  | 3,979,106         |  |
| <b>Other Debits</b>  |                         |                             |                          |                              |                        |                             |                            |                   |                |               |  |                   |  |
| Total assets and other debits                                  | \$ 4,433,003            | \$ 11,096,695               | \$ 2,311,921             | \$ 2,687,695                 | \$ 80,172,598          | \$ 6,071,219                | \$ 50,310,890              | \$ 5,472,689      | \$ 162,556,710 | \$ 2,927,819  | \$ 165,484,529   |                   |  |

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**LIABILITIES, FUND EQUITY AND OTHER CREDITS**

|   | Governmental Fund Types |                       |                     | Proprietary Fund Types |                       | Account Groups       |                     | Total (Memorandum Only) Primary Government | Component Unit      | Total (Memorandum Only) Reporting Entity |
|---|-------------------------|-----------------------|---------------------|------------------------|-----------------------|----------------------|---------------------|--|---------------------|--|
|   | General Fund            | Special Revenue Funds | Debt Service Funds  | Enterprise Fund        | Internal Service Fund | General Fixed Assets | Long-Term Debt      |  |                     |  |
| <b>Liabilities</b>                                      |                         |                       |                     |                        |                       |                      |                     |  |                     |  |
| Accounts payable  | \$ 68,360               | \$ 1,131,078          | \$ -                | \$ 1,032,589           | \$ 90,878             | \$ -                 | \$ -                | \$ 3,795,340                               | \$ -                | \$ 3,795,340                             |
| Claims payable  | -                       | -                     | -                   | 700,661                | 2,307,380             | -                    | -                   | 3,008,041                                  | -                   | 3,008,041                                |
| Retainage payable                                       | 7,750                   | -                     | -                   | 90,636                 | -                     | -                    | -                   | 166,967                                    | -                   | 166,967                                  |
| Salaries and payroll deductions payable                 | 168,513                 | 453,163               | -                   | 54,526                 | -                     | -                    | -                   | 674,232                                    | -                   | 674,232                                  |
| Due to other funds                                      | -                       | 76,178                | -                   | 687,803                | -                     | -                    | -                   | 763,981                                    | -                   | 763,981                                  |
| Deferred revenue  | -                       | 61,703                | 160,152             | -                      | -                     | -                    | -                   | 291,555                                    | -                   | 291,555                                  |
| Lease payable   | -                       | -                     | -                   | 1,000                  | -                     | -                    | -                   | 1,000                                      | -                   | 1,000                                    |
| Other liabilities                                       | 2,327,364               | 4,735,844             | 8,439               | 207,537                | -                     | -                    | -                   | 8,404,585                                  | -                   | 8,404,585                                |
| Payable from restricted assets:                         |                         |                       |                     |                        |                       |                      |                     |  |                     |  |
| Accounts payable  | -                       | -                     | -                   | 21                     | -                     | -                    | -                   | 21   | -                   | 21                                       |
| Bonds payable   | -                       | -                     | -                   | 1,640,000              | -                     | -                    | -                   | 1,640,000                                  | 1,739,949           | 3,379,949                                |
| Accrued interest  | -                       | -                     | -                   | 132,386                | -                     | -                    | -                   | 132,386                                    | 3,968               | 136,354                                  |
| Customer deposits                                       | -                       | -                     | -                   | 1,360,464              | -                     | -                    | -                   | 1,360,464                                  | -                   | 1,360,464                                |
| Inspection deposits                                     | -                       | -                     | -                   | 13,300                 | -                     | -                    | -                   | 13,300                                     | -                   | 13,300                                   |
| Accrued vacation  | -                       | -                     | -                   | 235,397                | -                     | -                    | -                   | 235,397                                    | -                   | 235,397                                  |
| Estimated claims and judgment                           | -                       | -                     | -                   | -                      | -                     | -                    | -                   | -  | -                   | -  |
| Bonds payable   | -                       | -                     | -                   | 12,590,000             | -                     | -                    | -                   | 12,590,000                                 | -                   | 12,590,000                               |
| General obligations - bonds payable                     | -                       | -                     | -                   | -                      | -                     | -                    | 5,472,689           | 5,472,689                                  | -                   | 5,472,689                                |
| <b>Total liabilities</b>                                | <b>2,572,017</b>        | <b>6,455,966</b>      | <b>168,591</b>      | <b>18,766,320</b>      | <b>2,398,258</b>      | <b>-</b>             | <b>5,472,689</b>    | <b>38,569,958</b>                          | <b>1,743,917</b>    | <b>40,313,875</b>                        |
| <b>Fund Equity and Other Credits</b>                    |                         |                       |                     |                        |                       |                      |                     |  |                     |  |
| Investment in general fixed assets                      | -                       | -                     | -                   | -                      | -                     | 50,310,890           | -                   | 50,310,890                                 | -                   | 50,310,890                               |
| Contributed capital                                     | -                       | -                     | -                   | 12,871,208             | -                     | -                    | -                   | 12,871,208                                 | -                   | 12,871,208                               |
| Retained earnings - reserved                            | -                       | -                     | -                   | 19,981,483             | 3,672,961             | -                    | -                   | 23,654,444                                 | -                   | 23,654,444                               |
| Retained earnings - unreserved                          | -                       | -                     | -                   | 28,533,587             | -                     | -                    | -                   | 28,533,587                                 | 1,185,902           | 29,719,489                               |
| Fund balances:  |                         |                       |                     |                        |                       |                      |                     |  |                     |  |
| Reserved for contracts                                  | -                       | -                     | -                   | -                      | -                     | -                    | -                   | -  | -                   | 14                                       |
| Reserved for debt service                               | -                       | -                     | 1,493,583           | -                      | -                     | -                    | -                   | 1,493,583                                  | -                   | 1,493,583                                |
| Designated - development                                | -                       | 3,195,000             | -                   | -                      | -                     | -                    | -                   | 3,195,000                                  | -                   | 3,195,000                                |
| Unreserved - undesignated                               | 1,860,986               | 1,445,729             | 649,747             | -                      | -                     | -                    | -                   | 3,908,026                                  | -                   | 3,908,026                                |
| <b>Total fund equity and other credits</b>              | <b>1,860,986</b>        | <b>4,640,729</b>      | <b>2,143,330</b>    | <b>61,406,278</b>      | <b>3,672,961</b>      | <b>50,310,890</b>    | <b>-</b>            | <b>123,986,732</b>                         | <b>1,185,902</b>    | <b>125,170,654</b>                       |
| <b>Total liabilities, fund equity and other credits</b> | <b>\$ 4,433,003</b>     | <b>\$ 11,096,695</b>  | <b>\$ 2,311,921</b> | <b>\$ 80,172,598</b>   | <b>\$ 6,071,219</b>   | <b>\$ 50,310,890</b> | <b>\$ 5,472,689</b> | <b>\$ 162,556,710</b>                      | <b>\$ 2,927,819</b> | <b>\$ 165,484,529</b>                    |

The notes to the general purpose financial statements are an integral part of this statement.

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Funds</u> | <u>Debt<br/>Service<br/>Funds</u> | <u>Capital<br/>Projects<br/>Funds</u> | <u>Total<br/>(Memorandum<br/>Only)<br/>Primary<br/>Government</u> |
|--|-------------------------|--------------------------------------|-----------------------------------|---------------------------------------|---|
| <b>Revenues</b>                                |                         |                                      |                                   |                                       |   |
| Taxes:   |                         |                                      |                                   |                                       |   |
| Ad valorem                                     | \$ 708,898              | \$ 5,689,638                         | \$ 600,172                        | \$ -                                  | \$ 6,998,708  |
| Sales taxes                                    | 15,592,696              | -                                    | -                                 | -                                     | 15,592,696  |
| Other taxes, penalties<br>and interest, etc.   | 877,232                 | 487,130                              | 533                               | -                                     | 1,364,895   |
| Licenses and permits                           | 1,029,895               | 354,218                              | -                                 | -                                     | 1,384,113   |
| Federal grants                                 | 38,484                  | 5,378,672                            | -                                 | 1,178,474                             | 6,595,630   |
| State funds:                                   |                         |                                      |                                   |                                       |   |
| Parish transportation funds                    | -                       | 604,877                              | -                                 | -                                     | 604,877   |
| State revenue sharing                          | 61,907                  | 334,910                              | -                                 | -                                     | 396,817   |
| Other state funds                              | 50,800                  | 1,793,023                            | -                                 | 118,533                               | 1,962,356   |
| Fees, charges, and<br>commissions for services | 1,532,401               | 614,211                              | -                                 | -                                     | 2,146,612   |
| Fines and forfeitures                          | 10,076                  | 416,051                              | -                                 | -                                     | 426,127   |
| Use of money and property                      | 88,107                  | 151,261                              | 34,193                            | 25,460                                | 299,021   |
| Special assessments                            | -                       | -                                    | 31,607                            | -                                     | 31,607  |
| Other government funds                         | -                       | 103,124                              | -                                 | -                                     | 103,124   |
| Public grants                                  | -                       | 11,702                               | -                                 | -                                     | 11,702  |
| Other revenues                                 | 27,902                  | 289,367                              | -                                 | -                                     | 317,269   |
| <b>Total revenues</b>                          | <u>20,018,398</u>       | <u>16,228,184</u>                    | <u>666,505</u>                    | <u>1,322,467</u>                      | <u>38,235,554</u>   |
| <b>Expenditures</b>                            |                         |                                      |                                   |                                       |   |
| General government:                            |                         |                                      |                                   |                                       |   |
| Legislative                                    | -                       | -                                    | -                                 | -                                     | -   |
| Judicial                                       | -                       | 1,106,450                            | -                                 | -                                     | 1,106,450   |
| Finance and administrative                     | 1,416,013               | -                                    | 38,251                            | -                                     | 1,454,264   |
| Deductions by sales tax collect                | -                       | -                                    | -                                 | -                                     | -   |
| Other general government                       | 4,921,948               | 3,064,266                            | -                                 | -                                     | 7,986,214   |
| Public safety                                  | -                       | 6,299,470                            | -                                 | -                                     | 6,299,470   |
| Public works                                   | -                       | 10,311,956                           | -                                 | 2,719,597                             | 13,031,553  |
| Health and welfare                             | -                       | 3,450,281                            | -                                 | -                                     | 3,450,281   |
| Culture and recreation                         | -                       | 2,090,673                            | -                                 | -                                     | 2,090,673   |
| Economic development                           | -                       | -                                    | -                                 | -                                     | -   |
| Capital outlay                                 | 141,053                 | 544,208                              | -                                 | 4,396                                 | 689,657   |
| Debt service:                                  |                         |                                      |                                   |                                       |   |
| Principal retirement                           | 6,411                   | -                                    | 1,086,172                         | -                                     | 1,092,583   |
| Interest and service charges                   | 343                     | -                                    | 265,898                           | 10                                    | 266,251   |
| <b>Total expenditures</b>                      | <u>6,485,768</u>        | <u>26,867,304</u>                    | <u>1,390,321</u>                  | <u>2,724,003</u>                      | <u>37,467,396</u>   |

(Continued)

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|   | General<br>Fund     | Special<br>Revenue<br>Funds | Debt<br>Service<br>Funds | Capital<br>Projects<br>Funds | Total<br>(Memorandum<br>Only)<br>Primary<br>Government |
|---|---------------------|-----------------------------|--------------------------|------------------------------|--|
| Excess (Deficiency) of Revenues<br>Over Expenditures  | <u>\$13,532,630</u> | <u>\$(10,639,120)</u>       | <u>\$ (723,816)</u>      | <u>\$(1,401,536)</u>         | <u>\$ 768,158</u>                                      |
| Other Financing Sources (Uses)  |                     |                             |                          |                              |  |
| Operating transfers in  | 2,349,778           | 11,996,493                  | 692,560                  | 524,871                      | 15,563,702   |
| Operating transfers out   | (14,163,146)        | (1,400,556)                 | -                        | -                            | (15,563,702)   |
| Bond proceeds   | -                   | -                           | -                        | 500,000                      | 500,000  |
| Total other financing<br>sources (uses)   | <u>(11,813,368)</u> | <u>10,595,937</u>           | <u>692,560</u>           | <u>1,024,871</u>             | <u>500,000</u>   |
| Excess (Deficiency) of Revenues<br>and Other Financing Sources<br>Over Expenditures and<br>Other Financing Uses | 1,719,262           | (43,183)                    | (31,256)                 | (376,665)                    | 1,268,158  |
| Fund Balances   |                     |                             |                          |                              |  |
| Beginning of year   | <u>141,724</u>      | <u>4,683,912</u>            | <u>2,174,586</u>         | <u>328,243</u>               | <u>7,328,465</u>                                       |
| End of year   | <u>\$ 1,860,986</u> | <u>\$ 4,640,729</u>         | <u>\$2,143,330</u>       | <u>\$ (48,422)</u>           | <u>\$ 8,596,623</u>                                    |

The notes to the general purpose financial statements are an integral part of this statement.

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | <u>General Fund</u> |                                      |   | <u>Special Revenue Funds</u> |                                      |   |
|--|---------------------|--------------------------------------|---|------------------------------|--------------------------------------|---|
|  | <u>Budget</u>       | <u>Actual on<br/>Budgetary Basis</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> | <u>Budget</u>                | <u>Actual on<br/>Budgetary Basis</u> | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
| <b>Revenues</b>                                |                     |                                      |   |                              |                                      |   |
| Taxes:   |                     |                                      |   |                              |                                      |   |
| Ad valorem                                     | \$ 490,653          | \$ 708,898                           | \$ 218,245                                      | \$ 4,597,336                 | \$ 5,689,638                         | \$1,092,302                                     |
| Sales taxes                                    | 17,860,856          | 19,525,327                           | 1,664,471                                       | -                            | -                                    | -   |
| Other taxes, penalties,<br>and interest, etc.  | 982,800             | 881,577                              | (101,223)                                       | 441,040                      | 487,130                              | 46,090  |
| Licenses and permits                           | 992,600             | 1,029,895                            | 37,295  | 223,600                      | 354,218                              | 130,618   |
| Federal grants                                 | -                   | 38,484                               | 38,484  | 1,904,000                    | 2,844,478                            | 940,478   |
| State funds:                                   |                     |                                      |   |                              |                                      |   |
| Parish transportation funds                    | -                   | -                                    | -   | 701,000                      | 604,877                              | (96,123)  |
| State revenue sharing                          | 54,600              | 61,907                               | 7,307   | 373,000                      | 334,910                              | (38,090)  |
| Other state funds                              | -                   | 50,800                               | 50,800  | 986,000                      | 1,793,023                            | 807,023   |
| Fees, charges, and<br>commissions for services | 1,220,400           | 1,532,401                            | 312,001   | 508,240                      | 614,211                              | 105,971   |
| Fines and forfeitures                          | 13,800              | 10,076                               | (3,724)   | 550,200                      | 416,051                              | (134,149)                                       |
| Use of money and property                      | 186,600             | 88,107                               | (98,493)  | 99,160                       | 150,137                              | 50,977  |
| Other government funds                         | -                   | -                                    | -   | 10,000                       | 103,124                              | 93,124  |
| Public grants                                  | -                   | -                                    | -   | -                            | 11,702                               | 11,702  |
| Other revenues                                 | 57,900              | 27,902                               | (29,998)  | 47,960                       | 213,849                              | 165,889   |
| <b>Total revenues</b>                          | <u>21,860,209</u>   | <u>23,955,374</u>                    | <u>2,095,165</u>                                | <u>10,441,536</u>            | <u>13,617,348</u>                    | <u>3,175,812</u>                                |
| <b>Expenditures</b>                            |                     |                                      |   |                              |                                      |   |
| General government:                            |                     |                                      |   |                              |                                      |   |
| Legislative                                    | -                   | -                                    | -   | -                            | -                                    | -   |
| Judicial                                       | -                   | -                                    | -   | 1,345,703                    | 1,106,450                            | 239,253   |
| Finance and administrative                     | 1,507,568           | 1,571,091                            | (63,523)  | -                            | -                                    | -   |
| Deductions by sales tax collector              | -                   | -                                    | -   | -                            | -                                    | -   |
| Other general government                       | 4,427,717           | 4,921,948                            | (494,231)                                       | -                            | 451,546                              | (451,546)                                       |
| Public safety                                  | -                   | -                                    | -   | 5,800,452                    | 6,299,470                            | (499,018)                                       |
| Public works                                   | -                   | -                                    | -   | 9,488,088                    | 10,311,956                           | (823,868)                                       |
| Health and welfare                             | -                   | -                                    | -   | 2,958,609                    | 3,450,281                            | (491,672)                                       |
| Culture and recreation                         | -                   | -                                    | -   | 2,258,286                    | 2,090,673                            | 167,613   |
| Economic development                           | -                   | -                                    | -   | -                            | -                                    | -   |
| Capital outlay                                 | -                   | 141,053                              | (141,053)                                       | 178,300                      | 544,208                              | (365,908)                                       |
| Debt service:                                  |                     |                                      |   |                              |                                      |   |
| Principal retirement                           | -                   | 6,411                                | (6,411)   | -                            | -                                    | -   |
| Interest and service charges                   | -                   | 343                                  | (343)   | -                            | -                                    | -   |
| <b>Total expenditures</b>                      | <u>5,935,285</u>    | <u>6,640,846</u>                     | <u>(705,561)</u>                                | <u>22,029,438</u>            | <u>24,254,584</u>                    | <u>(2,225,146)</u>                              |

(Continued)

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|   | General Fund        |                              |  | Special Revenue Funds |                              |  |
|---|---------------------|------------------------------|--|-----------------------|------------------------------|--|
|   | Budget              | Actual on<br>Budgetary Basis | Variance<br>Favorable<br>(Unfavorable) | Budget                | Actual on<br>Budgetary Basis | Variance<br>Favorable<br>(Unfavorable) |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>  | <u>\$15,924,924</u> | <u>\$ 17,314,528</u>         | <u>\$ 1,389,604</u>                    | <u>\$(11,587,902)</u> | <u>\$(10,637,236)</u>        | <u>\$ 950,666</u>                      |
| <b>Other Financing Sources (Uses)</b>   |                     |                              |  |                       |                              |  |
| Operating transfers in  | -                   | 2,349,778                    | 2,349,778                              | -                     | 11,996,493                   | 11,996,493                             |
| Operating transfers out   | -                   | (14,163,146)                 | (14,163,146)                           | -                     | (1,400,556)                  | (1,400,556)                            |
| Total other financing<br>sources (uses)   | <u>-</u>            | <u>(11,813,368)</u>          | <u>(11,813,368)</u>                    | <u>-</u>              | <u>10,595,937</u>            | <u>10,595,937</u>                      |
| <b>Excess (Deficiency) of Revenues<br/>and Other Financing Sources<br/>Over Expenditures and Other<br/>Financing Uses</b> | 15,924,924          | 5,501,160                    | (10,423,764)                           | (11,587,902)          | (41,299)                     | 11,546,603                             |
| <b>Fund Balances</b>  |                     |                              |  |                       |                              |  |
| Beginning of year   | <u>2,503,682</u>    | <u>141,724</u>               | <u>(2,361,958)</u>                     | <u>7,132,201</u>      | <u>4,679,068</u>             | <u>(2,453,133)</u>                     |
| End of year   | <u>\$18,428,606</u> | <u>\$ 5,642,884</u>          | <u>\$(12,785,722)</u>                  | <u>\$ (4,455,701)</u> | <u>\$ 4,637,769</u>          | <u>\$9,093,470</u>                     |

The notes to the general purpose financial statements are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES AND EXPENSES-  
ALL PROPRIETARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNIT**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Enterprise<br>Fund | Internal<br>Service<br>Fund | Total<br>(Memorandum<br>Only)<br>Primary<br>Government | Component<br>Unit  | Total<br>(Memorandum<br>Only)<br>Reporting<br>Entity |
|--|--------------------|-----------------------------|--|--------------------|--|
| <b>Operating Revenues</b>                              |                    |                             |  |                    |  |
| User fees  | \$9,980,398        | \$ -                        | \$9,980,398  | \$ -               | \$9,980,398  |
| Other operating income                                 | 423,593            | 1,022,437                   | 1,446,030  | -                  | 1,446,030  |
| Interest earned on mortgage loans                      | -                  | -                           | -  | 110,311            | 110,311  |
| Interest earned on investments                         | -                  | -                           | -  | 13,615             | 13,615   |
| Unrealized gain (loss) on investments                  | -                  | -                           | -  | (3,008)            | (3,008)  |
| <b>Total operating revenues</b>                        | <u>10,403,991</u>  | <u>1,022,437</u>            | <u>11,426,428</u>                                      | <u>120,918</u>     | <u>11,547,346</u>                                    |
| <b>Operating Expenses</b>                              |                    |                             |  |                    |  |
| Salaries and related benefits                          | 2,382,481          | 290,551                     | 2,673,032  | -                  | 2,673,032  |
| Utilities  | 1,079,045          | -                           | 1,079,045  | -                  | 1,079,045  |
| Contractual services, supplies<br>and materials        | 1,732,289          | 16                          | 1,732,305  | -                  | 1,732,305  |
| Outside services                                       | 184,460            | 24,872                      | 209,332  | -                  | 209,332  |
| Insurance premiums                                     | -                  | 476,235                     | 476,235  | -                  | 476,235  |
| Claims expense   | 1,230,053          | 399,382                     | 1,629,435  | -                  | 1,629,435  |
| Interest   | -                  | -                           | -  | 145,826            | 145,826  |
| Operating expenses                                     | -                  | -                           | -  | 26,707             | 26,707   |
| Other  | 130,595            | -                           | 130,595  | -                  | 130,595  |
| Depreciation and amortization                          | 2,700,799          | -                           | 2,700,799  | -                  | 2,700,799  |
| Amortization of deferred financing<br>costs            | -                  | -                           | -  | 20,925             | 20,925   |
| Servicing fees   | -                  | -                           | -  | 2,669              | 2,669  |
| Mortgage loan insurance costs                          | -                  | -                           | -  | 2,203              | 2,203  |
| <b>Total operating expenses</b>                        | <u>9,439,722</u>   | <u>1,191,056</u>            | <u>10,630,778</u>                                      | <u>198,330</u>     | <u>10,829,108</u>                                    |
| <b>Operating Income (Loss)</b>                         | <u>964,269</u>     | <u>(168,619)</u>            | <u>795,650</u>   | <u>(77,412)</u>    | <u>718,238</u>                                       |
| <b>Nonoperating Revenues (Expenses)</b>                |                    |                             |  |                    |  |
| Sales tax  | 3,932,631          | -                           | 3,932,631  | -                  | 3,932,631  |
| Ad valorem taxes for repayment of<br>bonds             | 173,456            | -                           | 173,456  | -                  | 173,456  |
| Interest income  | 316,179            | 120,991                     | 437,170  | -                  | 437,170  |
| Interest expense and bank fees                         | (846,946)          | -                           | (846,946)  | -                  | (846,946)  |
| Federal grants   | 1,310,712          | -                           | 1,310,712  | -                  | 1,310,712  |
| Other nonoperating revenues                            | 256,219            | -                           | 256,219  | -                  | 256,219  |
| Deduction from ad valorem taxes<br>for debt retirement | (163,042)          | -                           | (163,042)  | -                  | (163,042)  |
| <b>Total nonoperating revenues</b>                     | <u>4,979,209</u>   | <u>120,991</u>              | <u>5,100,200</u>                                       | <u>-</u>           | <u>5,100,200</u>                                     |
| <b>Net Income (Loss)</b>                               | <u>\$5,943,478</u> | <u>\$ (47,628)</u>          | <u>\$5,895,850</u>                                     | <u>\$ (77,412)</u> | <u>\$5,818,438</u>                                   |

The notes to the general purpose financial statements are an integral part of this statement.

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Enterprise Fund        |                      |                      | Internal<br>Service Fund | Total<br>(Memorandum<br>Only)<br>Primary<br>Government | Component<br>Unit   | Total<br>(Memorandum<br>Only)<br>Reporting<br>Entity |
|--|------------------------|----------------------|----------------------|--------------------------|--|---------------------|--|
|  | Contributed<br>Capital | Retained<br>Earnings | Total                |                          |  |                     |  |
| <b>Beginning of Year</b>                                     | \$ 13,805,752          | \$ 41,657,048        | \$ 55,462,800        | \$ 3,720,589             | \$ 59,183,389  | \$ 1,261,314        | \$ 60,444,703  |
| Net income (loss)  | -                      | 5,943,478            | 5,943,478            | (47,628)                 | 5,895,850  | (77,412)            | 5,818,438  |
| Depreciation of assets purchased<br>with contributed capital | (934,544)              | 934,544              | -                    | -                        | -  | -                   | -  |
| <b>Ending of Year</b>  | <u>\$ 12,871,208</u>   | <u>\$ 48,535,070</u> | <u>\$ 61,406,278</u> | <u>\$ 3,672,961</u>      | <u>\$ 65,079,239</u>                                   | <u>\$ 1,183,902</u> | <u>\$ 66,263,141</u>                                 |

The notes to the general purpose financial statements are an integral part of this statement.



**COMBINED STATEMENT OF CASH FLOWS-  
ALL PROPRIETARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNIT**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Enterprise<br>Fund | Internal<br>Service<br>Fund | Total<br>(Memorandum<br>Only)<br>Primary<br>Government | Component<br>Unit | Total<br>(Memorandum<br>Only)<br>Reporting<br>Entity |
|--|--------------------|-----------------------------|--|-------------------|--|
| <b>Cash Flows From Operating Activities</b>  |                    |                             |  |                   |  |
| Operating income (loss)  | \$ 964,269         | \$ (168,619)                | \$ 795,650   | \$ (77,412)       | \$ 718,238   |
| Adjustments to reconcile operating<br>income (loss) to net cash<br>provided by (used in) operating activities: |                    |                             |  |                   |  |
| Amortization of deferred financing costs   | -                  | -                           | -  | 20,925            | 20,925   |
| Amortization of bond discount  | -                  | -                           | -  | 96,361            | 96,361   |
| Provision for doubtful accounts  | 79,002             | -                           | 79,002   | -                 | 79,002   |
| Loss on obsolete assets  | 130,484            | -                           | 130,484  | -                 | 130,484  |
| Depreciation and amortization  | 2,700,799          | -                           | 2,700,799  | -                 | 2,700,799  |
| Other  | -                  | -                           | -  | 7                 | 7  |
| Unrealized loss on investments   | -                  | -                           | -  | 3,008             | 3,008  |
| (Increase) decrease in assets:   |                    |                             |  |                   |  |
| Accounts receivable  | 414                | (30)                        | 384  | -                 | 384  |
| Unbilled charges   | (83,609)           | -                           | (83,609)   | -                 | (83,609)   |
| Grant receivables  | (1,284,534)        | -                           | (1,284,534)  | -                 | (1,284,534)  |
| Accrued interest receivable  | -                  | -                           | -  | (3,044)           | (3,044)  |
| Insurance receivable   | -                  | -                           | -  | 7,072             | 7,072  |
| Ad valorem tax receivable  | 270,088            | -                           | 270,088  | -                 | 270,088  |
| Inventory  | 8,571              | -                           | 8,571  | -                 | 8,571  |
| Prepaid expenses   | (31,120)           | -                           | (31,120)   | -                 | (31,120)   |
| Due from other funds   | -                  | 375,180                     | 375,180  | -                 | 375,180  |
| Other assets   | -                  | (18,824)                    | (18,824)   | -                 | (18,824)   |
| Increase (decrease) in liabilities:  |                    |                             |  |                   |  |
| Accounts payable and accruals  | (904,951)          | 73,314                      | (831,637)  | -                 | (831,637)  |
| Interest payable   | -                  | -                           | -  | (2,797)           | (2,797)  |
| Due to other funds   | 253,615            | (268,577)                   | (14,962)   | -                 | (14,962)   |
| Estimated claims and judgments   | -                  | (313,937)                   | (313,937)  | -                 | (313,937)  |
| Interest paid on bonds payable   | -                  | -                           | -  | 52,261            | 52,261   |
| Interest received on investments   | -                  | -                           | -  | (13,615)          | (13,615)   |
| <b>Total adjustments</b>   | <b>1,138,759</b>   | <b>(152,874)</b>            | <b>985,885</b>   | <b>160,178</b>    | <b>1,146,063</b>                                     |
| <b>Net cash provided by (used in)<br/>operating activities</b>   | <b>2,103,028</b>   | <b>(321,493)</b>            | <b>1,781,535</b>                                       | <b>82,766</b>     | <b>1,864,301</b>                                     |
| <b>Cash Flows From Noncapital Financing<br/>Activities</b>   |                    |                             |  |                   |  |
| Bond redemptions   | -                  | -                           | -  | (325,266)         | (325,266)  |
| Interest paid on bonds payable   | -                  | -                           | -  | (52,261)          | (52,261)   |
| <b>Net cash used in<br/>noncapital financing activities</b>  | <b>-</b>           | <b>-</b>                    | <b>-</b>   | <b>(377,527)</b>  | <b>(377,527)</b>                                     |

(Continued)

**COMBINED STATEMENT OF CASH FLOWS-  
ALL PROPRIETARY FUND TYPES  
AND DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | <u>Enterprise<br/>Fund</u> | <u>Internal<br/>Service<br/>Fund</u> | <u>Total<br/>(Memorandum<br/>Only)<br/>Primary<br/>Government</u> | <u>Component<br/>Unit</u> | <u>Total<br/>(Memorandum<br/>Only)<br/>Reporting<br/>Entity</u> |
|--|----------------------------|--------------------------------------|---|---------------------------|---|
| <b>Cash Flows From Capital Financing Activities</b>  |                            |                                      |   |                           |   |
| Ad valorem taxes - debt retirement   | \$ 10,413                  | \$ -                                 | \$ 10,413   | \$ -                      | \$ 10,413   |
| Sales tax  | 3,913,279                  | -                                    | 3,913,279   | -                         | 3,913,279   |
| Purchase of capital assets   | (4,958,239)                | -                                    | (4,958,239)   | -                         | (4,958,239)   |
| Principal paid on bonds  | (1,575,000)                | -                                    | (1,575,000)   | -                         | (1,575,000)   |
| Federal grants   | 1,310,712                  | -                                    | 1,310,712   | -                         | 1,310,712   |
| Other nonoperating revenues  | 9,072                      | -                                    | 9,072   | -                         | 9,072   |
| Interest paid  | (855,287)                  | -                                    | (855,287)   | -                         | (855,287)   |
| Net cash used by capital financing activities  | <u>(2,145,050)</u>         | <u>-</u>                             | <u>(2,145,050)</u>  | <u>-</u>                  | <u>(2,145,050)</u>  |
| <b>Cash Flows From Investing Activities</b>  |                            |                                      |   |                           |   |
| Interest on cash management account  | 316,180                    | 116,660                              | 432,840   | -                         | 432,840   |
| Interest earned on investments   | -                          | 4,331                                | 4,331   | 13,615                    | 17,946  |
| Purchases of investments   | -                          | (4,331)                              | (4,331)   | -                         | (4,331)   |
| Decrease in mortgage loans receivable  | -                          | -                                    | -   | 271,765                   | 271,765   |
| Net cash provided by investing activities  | <u>316,180</u>             | <u>116,660</u>                       | <u>432,840</u>  | <u>285,380</u>            | <u>718,220</u>  |
| <b>Net Increase (Decrease) In Cash and Cash Equivalents</b>  | <b>274,158</b>             | <b>(204,833)</b>                     | <b>69,325</b>   | <b>(9,381)</b>            | <b>59,944</b>   |
| <b>Cash and Cash Equivalents</b>   |                            |                                      |   |                           |   |
| Beginning of year  | <u>16,017,133</u>          | <u>5,897,299</u>                     | <u>21,914,432</u>   | <u>270,454</u>            | <u>22,184,886</u>   |
| End of year  | <u>\$ 16,291,291</u>       | <u>\$ 5,692,466</u>                  | <u>\$ 21,983,757</u>  | <u>\$ 261,073</u>         | <u>\$ 22,244,830</u>  |
| <b>Reconciliation to balance sheet accounts:</b>   |                            |                                      |   |                           |   |
| Unrestricted Cash  | \$ 255,317                 | \$ 5,692,466                         | \$ 5,947,783  | \$ -                      | \$ 5,947,783  |
| Revenue bond debt service reserve accounts   | 2,027,922                  | -                                    | 2,027,922   | 261,073                   | 2,288,995   |
| Capital renewal and replacement and system improvements accounts   | 8,471,797                  | -                                    | 8,471,797   | -                         | 8,471,797   |
| Sales tax bond debt service reserve accounts   | 1,052,248                  | -                                    | 1,052,248   | -                         | 1,052,248   |
| Construction fund  | 743,072                    | -                                    | 743,072   | -                         | 743,072   |
| Inflow and infiltration  | 2,494,440                  | -                                    | 2,494,440   | -                         | 2,494,440   |
| Other debt service accounts  | 713,326                    | -                                    | 713,326   | -                         | 713,326   |
| Customer meter deposits  | 533,169                    | -                                    | 533,169   | -                         | 533,169   |
| Cash and cash equivalents, end of year   | <u>\$ 16,291,291</u>       | <u>\$ 5,692,466</u>                  | <u>\$ 21,983,757</u>  | <u>\$ 261,073</u>         | <u>\$ 22,244,830</u>  |
| <b>Supplemental Cash Flow Information:</b>   |                            |                                      |   |                           |   |
| <b>Interest Paid For The Year Ended December 31, 2002</b>  |                            |                                      |   |                           |   |
| Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts                            | <u>\$ 855,287</u>          |                                      |   |                           |   |
| Component Unit - St. Bernard Parish Home Mortgage Authority  | <u>\$ -</u>                |                                      |   |                           |   |
| <b>Noncash Capital Financing Activity - Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division:</b> |                            |                                      |   |                           |   |
| Donated Lines  | <u>\$ 247,147</u>          |                                      |   |                           |   |

The notes to the general purpose financial statements are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Reporting Entity and Individual Component Unit Disclosure**

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

Governmental Accounting Standards Board (GASB) Statement No.14 established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining the financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship between the primary government and the other organization. In addition, an organization which is fiscally dependent on the primary government or has a potential to provide specific financial benefits to the primary government should be included in the reporting entity.

Based on the above criteria, the Parish Government has determined that the following component units are part of the reporting entity:

|   | Fiscal Year |                      |
|---|-------------|----------------------|
|   | <u>End</u>  | <u>Criteria Used</u> |
| St. Bernard Parish Library  | December 31 | 1                    |
| St. Bernard Parish Government Department of<br>Public Works Water and Sewer Division and<br>the Districts | December 31 | 1                    |
| St. Bernard Parish Home Mortgage Authority  | March 31    | 1                    |
| St. Bernard Parish Economic Development   | December 31 | 2                    |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

St. Bernard Parish Library  
St. Bernard Parish Government Department of  
Public Works Water and Sewer Division and the Districts  
St. Bernard Parish Economic Development

The component unit columns in the combined general purpose financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority. Separate audited financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ending March 31, 2002.

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

**b) Basis of Presentation**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Basis of Presentation (Continued)**

**1) Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Funds**

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

**Capital Project Funds**

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

**2) Proprietary Funds**

**Enterprise Funds**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**b) Basis of Presentation (Continued)**

**2) Proprietary Funds (Continued)**

**Internal Service Fund**

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

**3) Account Groups**

Account groups are not funds. They are concerned only with the measurement of financial position, not with measurement of results of operations.

**General Fixed Assets Account Group**

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

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

**General Long-Term Debt Account Group**

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

**c) Governmental Funds**

**1) Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
*December 31, 2002*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Governmental Funds**

**1) Basis of Accounting (Continued)**

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

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

**i) Revenues**

Revenues are recognized when they become measurable and available.

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the Parish) are recorded in the year the taxes are assessed and available for use on current debt.

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

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

The Parish government recognizes sales and use tax revenues on the accrual basis.

Substantially all other revenues are recorded when received.

**ii) Expenditures**

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

**iii) Accounts Receivable**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**c) Governmental Funds (Continued)**

**1) Basis of Accounting (Continued)**

**iii) Accounts Receivable**

The majority of the Parish government's receivables consist of sales taxes of \$2,510,398, ad valorem taxes of \$6,159,735, state revenue sharing of \$217,357, road royalty of \$663,750 and cable franchise fees of \$135,290.

**iv) Other Financing Sources (Uses)**

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

Proceeds of long-term debt including bonds and notes are reflected as other financing sources in the operating statement of the recipient fund and are included in the General Long-Term Debt Account Group.

**d) Proprietary Funds - Enterprise Funds - The Division**

**1) Organization**

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2 was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1) Basis of Accounting (Continued)**

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

**2) Reporting Entity**

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

**3) Basis of Presentation**

The general purpose financial statements include the Division and the Districts which are separate component units of the Parish government. The Division is responsible for water and sewerage operations of the Parish and the Districts (St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2.) Ad valorem taxes are levied by the individual Districts for either water or sewerage operations and for the retirement of outstanding bonds. Taxes received by the individual districts for operation and maintenance of water and sewerage systems of the parish are transferred to the Division to operate the systems. The general purpose financial statements present the financial position, results of operations and cash flows of these entities taken as a whole and do not purport to present information for any of these entities individually.

**4) Basis of Accounting**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4) Basis of Accounting (Continued)**

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

**i) Revenues**

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

Ad valorem taxes are recorded in the year the taxes are due and payable.

On November 3, 1998, the citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund the tax into bonds, provided that at least 25% of the annual revenues of the sales must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damage caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

Substantially all other revenues are recorded when earned.

**ii) Expenses**

The Division's unamortized debt expense consists of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 Sales Tax Bond Issue. Also included is the deferred loss on the early retirement of 1991 Revenue Bonds. The cost of issuance on the 1994 Revenue Bond Issue of \$266,655 is amortized using the straight-line method over the 12.3-year life of the bond. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1999 Sales Tax Bond issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The deferred loss of \$79,265 is amortized using the straight-line method over the 2-year remaining life of the retired bonds. The remaining unamortized debt expense at December 31, 2002 is \$174,596.

Unamortized debt expense of Sewer District No. 1 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance of

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4) Basis of Accounting (Continued)**

**ii) Expenses (Continued)**

\$36,700 is amortized using the straight-line method over the 11 year life of the bond. The remaining unamortized debt expense at December 31, 2002 is \$532.

Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13-year life of the bond. The remaining unamortized debt expense at December 31, 2002 is \$23,641.

Total amortization expense for the year ended December 31, 2002 was \$137,095.

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

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

**iii) Inventory**

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

**iv) Fixed Assets and Long-Term Liabilities**

Property, plant, and equipment of the Division are included on the combined balance sheet of the enterprise fund. Interest costs incurred during construction is not capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets, other than those donated, are recorded at cost.

Donated fixed assets, primarily water and sewer lines constructed by independent contractors, are recorded at estimated fair market value as of the date donated. Fixed assets are reported on the balance sheet net of accumulated depreciation.

Depreciation is computed using the straight-line method, over the following useful lives, stated in years:

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4) Basis of Accounting (Continued)**

**iv) Fixed Assets and Long-Term Liabilities (Continued)**

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

Long-term liabilities are recognized within the enterprise fund.

**5) Ad Valorem Taxes**

Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1<sup>st</sup> for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list as of January 1, 2000. Taxes are due and payable November 15th of each year and become delinquent December 31<sup>st</sup> with interest being charged on payments after January 1<sup>st</sup>. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold.

The following is a summary of authorized and levied ad valorem taxes for debt service for the year ended December 31, 2003:

|                      | <u>Authorized<br/>Millage</u> | <u>Levied<br/>Millage</u> |
|----------------------|-------------------------------|---------------------------|
| Sewer District No. 2 | Variable                      | .75                       |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**6) Compensated Absences**

Employees earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid in cash. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2002, the accrued vacation was \$235,397.

**7) Restricted Assets**

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

**8) Fund Equity**

**i) Contributed Capital**

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

**ii) Reserves**

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

**9) Accounts Receivable**

The Division has established allowances for doubtful accounts for write-off of delinquent accounts relating to customer receivables and ad valorem taxes receivable. The allowance is based on management's best estimate of uncollectible amounts. The allowances for doubtful accounts at December 31, 2002 were \$213,121 and \$3,323, respectively.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10) Cash and Cash Equivalents**

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

**11) GASB Pronouncements**

Governmental Accounting Standards Board (GASB) Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," provides that Proprietary Funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; Statements and Interpretations of the Financial Accounting Standard Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure. The Division has elected to apply only FASB, APB, and ARB materials issued on or before November 30, 1989.

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

**1) Organization**

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

The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of \$25,000,000 in Single Family Mortgage Revenue Bonds dated September 1, 1979, \$10,000,000 in Single Family Mortgage Revenue Bonds dated November 1, 1980, \$4,435,000 in Single Family Mortgage Refunding Bonds dated March 29, 1991, \$11,255,000 in 1992 Series A Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$2,130,000 in 1992 Series B-1 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**1) Organization (Continued)**

Bonds, dated June 1, 1992, and \$3,000,000 (maturity amount) in 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds dated June 1, 1992. The bonds dated September 1, 1979 have been defeased and the bonds dated November 1, 1980 have been called. The \$11,255,000 in 1992 Series A bonds dated June 1, 1992 have matured. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof.

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

**2) Reporting Entity**

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

**3) Basis of Accounting**

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**4) Amortization**

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

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

**5) Investments**

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates.

**6) Cash and Cash Equivalents**

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

**f) Internal Service Fund - Self-Insurance Fund**

**1) Organization**

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

The Parish government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. An independent insurance service company administers the fund.

**2) Basis of Accounting**

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



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**2) Basis of Accounting (Continued)**

**i) Estimated Liability for Claims and Judgments**

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

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

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

**ii) Revenue**

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

**iii) Statements of Cash Flows**

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

**iv) Self Insurance Dividend / Operating Transfers**

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2002.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**g) Use of Estimates**

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

**h) Budgets**

The St. Bernard Parish Government adopted annual budgets for the General Fund, all Special Revenue Funds, Capital Project Funds, Debt Service Funds, and the Enterprise Fund. Budgets for the general fund and all special revenue funds are included in these general purpose financial statements. The budgets are prepared on the modified accrual basis of accounting. Budgets for the Capital Project Funds and Debt Service Funds are used as a management tool only and are not included in these general purpose financial statements. All appropriations except an appropriation for a capital expenditure will lapse at year end to the extent that they have not been expended or encumbered. The Parish President is authorized to transfer amounts between line items within any fund. Budget amounts included in the general purpose financial statements include the original adopted budget and all subsequent revisions.

**i) Cash and Investments**

Cash includes amounts in regular and money market accounts. Cash equivalents consist of certificates of deposit having maturities less than or equal to one year. Investments are stated at cost. Investments during the year consisted of certificates of deposits having maturities greater than one year and an account with the Louisiana Asset Management Pool (LAMP).

**j) Accounts Receivable**

The general purpose financial statements for the Parish government contains an allowance for doubtful accounts for the write-off of ad valorem taxes, water and sewer billings and other delinquent accounts. The allowance is based on management's best estimate of uncollectible amounts. The allowance for bad debts at December 31, 2002 for the Parish and the Water and Sewer Division was \$136,798 and \$213,121, respectively.

**k) Accumulated Vacation and Sick Leave**

Substantially all employees of the parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**k) Accumulated Vacation and Sick Leave (Continued)**

by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. There are no leave benefits which require accrual under generally accepted accounting principles except for accumulated vacation for employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

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

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

**l) Sales and Use Tax**

St. Bernard Parish has a 5% sales and use tax. 2 ½% is dedicated to the Parish government, 2% is dedicated to the St. Bernard Parish School Board, and ½% is dedicated to the St. Bernard Parish Sheriff. The St. Bernard Parish Sheriff is authorized to collect and remit this tax to the Parish government and School Board for a stipulated fee.

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

**m) Fund Equity**

**i) Reserves**

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

The reserve for contracts represents the estimated amount of the expenditures ultimately to result on current and future contracts.

**ii) Designated Fund Balances**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**n) Total Columns on Combined Statements - Overview**

The total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles.

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**a) Budgets**

The procedures used by the Parish in establishing the budgetary data reflected in the financial statements are as follows:

At least ninety (90) days before the beginning of each fiscal year, the Parish President submits a balanced consolidated line item operating and capital budget on a modified accrual basis of accounting, in accordance with the Louisiana Local Government Budget Act and in a format established by the Parish. The Parish President submits, with the budget, a budget message containing recommendations concerning the fiscal policy of the Parish, a description of the important factors of the budget, and an explanation of all major increases or decreases of budget recommendations as compared with expenditures of prior years. The Parish Council publishes the proposed budget in the official journal at least ten (10) calendar days before the meeting at which the budget is to be adopted. The Council may amend the budget before adoption, except that in no event shall the Council cause the total proposed expenditures to exceed means of financing. If the Council fails to act on the budget within the time limit provided, it shall be adopted as submitted by the Parish President. The budget constitutes an appropriation of funds for all purposes contained therein. The budget ordinance becomes effective on the first day of the fiscal year unless otherwise provided therein.

If during the fiscal year the Parish President certifies that there are available revenues in excess of those estimated in the budget, he shall present a supplemental budget for the disposition of such revenues to the Council. The Council by ordinance may make supplemental appropriations up to the amount of the excess. To meet a public emergency affecting life, health, property, or the public peace, the Council may make emergency appropriations. The appropriations may be made by emergency ordinance in accordance with the provisions of Article II, Section 2 – 14 of the Home Rule Charter. To the extent that there are no available unappropriated revenues, the governing authority may borrow money to meet the emergency. The repayment shall be a fixed charge upon the revenue of the

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**a) Budgets (Continued)**

following year and shall be included in the operating budget for that year. If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the Parish President shall indicate the estimated amount of the deficit and recommend to the Council steps to be taken. The council shall take action as it deems necessary to prevent any deficit.

The Parish President may transfer part or all of any unencumbered appropriation balances amount programs within programs or functions of the Parish. An unencumbered appropriation balance may be transferred from one department, office, or agency to another or from one program or function to another only upon Council action by ordinance. No appropriation for debt service for debt service may be reduced or transferred. No appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof.

**ADJUSTMENTS TO BUDGETARY BASIS**

Adjustments to budgetary basis are included in the financial statements for the following reasons:

- 1) Sales tax revenue, interest income, and deductions by the tax collector were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Increases in the actual amounts reported in the General Fund were made for \$3,932,631, \$4,345, and \$155,078, respectively.
- 2) The Parish did not adopt a budget for the Workforce Investment Act Fund. Amounts for Federal Grants, use of money, other Revenue, and other general government expenditures have been removed from total special revenue funds for comparison with the adopted budget. A financial statement finding has been included on the Schedule of Findings and Questioned Costs.

**DEFICIT FUND BALANCE**

The following individual fund has a deficit fund balances at December 31, 2002:

|                          | <u>Deficit<br/>Amount</u> |
|--------------------------|---------------------------|
| <b>Governmental Fund</b> |                           |
| Capital Project Fund:    |                           |
| Capital Projects Fund    | \$ (2,083,526)            |

The deficit fund balance is the result of management not declaring budgeted dividends in the self insurance fund and a lack of transfers from the general fund.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 3 - REVENUES, EXPENDITURES AND FINANCING SOURCES - ACTUAL AND BUDGET**

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

|                         | <u>Actual</u> | <u>Budget</u> | <u>Difference</u> | <u>Percentage<br/>Difference</u> |
|-------------------------|---------------|---------------|-------------------|----------------------------------|
| <b>REVENUES:</b>        |               |               |                   |                                  |
| Special Revenue Funds:  |               |               |                   |                                  |
| Criminal Court          | \$345,214     | \$ 414,400    | \$ (69,186)       | (16.70)                          |
| Judicial Court Reporter | 42,837        | 48,000        | (5,163)           | (10.76)                          |
| Deputy Witness Fees     | 76,295        | 136,200       | (59,905)          | (43.99)                          |
|                         | <u>Actual</u> | <u>Budget</u> | <u>Difference</u> | <u>Percentage<br/>Difference</u> |
| <b>EXPENDITURES:</b>    |               |               |                   |                                  |
| General Fund:           |               |               |                   |                                  |
| General Fund            | \$ 5,221,792  | \$ 4,616,417  | \$ 605,375        | 13.11                            |
| Special Revenue Funds:  |               |               |                   |                                  |
| Civic Auditorium        | 502,786       | 438,806       | 63,980            | 14.58                            |
| Fire                    | 6,152,711     | 5,282,252     | 870,459           | 16.48                            |
| Judicial Court Reporter | 282,602       | 256,592       | 26,010            | 10.14                            |
| Council on Aging        | 273,251       | 252,612       | 20,639            | 8.17                             |
| Community Development   | 987,458       | 857,586       | 129,872           | 15.15                            |
| Public Works            | 4,787,156     | 3,760,908     | 1,026,248         | 27.29                            |

**NOTE 4 - FIXED ASSETS**

Changes in the General Fixed Assets Account Group are as follows:

|   | <u>January 1,<br/>2002</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31,<br/>2002</u> |
|---|----------------------------|------------------|------------------|------------------------------|
| Land, buildings and improvements            | \$32,138,547               | \$1,864,927      | \$ -             | \$ 34,003,474                |
| Furniture, equipment trucks and automobiles | 16,107,233                 | 849,611          | 649,428          | 16,307,416                   |
| Totals                                      | \$48,245,780               | \$2,714,538      | \$ 649,428       | \$ 50,310,890                |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 4 - FIXED ASSETS (CONTINUED)**

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

|                                      |                      |
|--------------------------------------|----------------------|
| Land                                 | \$ 177,286           |
| Pipeline system                      | 58,876,784           |
| Plant, machinery, and equipment      | 35,128,320           |
| Construction in progress             | <u>20,105,410</u>    |
| Total property, plant, and equipment | \$ 114,287,800       |
| Less accumulated depreciation        | <u>(54,418,467)</u>  |
| Net property, plant, and equipment   | <u>\$ 59,869,333</u> |

The composition of property, plant, and equipment for the St. Bernard Parish Government of WW&S Division and the District at December 31, 2002, by entity, is as follows:

|                                      |                       |
|--------------------------------------|-----------------------|
| The Division                         | \$ 64,041,424         |
| Water District No. 1                 | 20,774,014            |
| Water District No. 2                 | 2,128,277             |
| Sewer District No. 1                 | 9,775,707             |
| Sewer District No. 2                 | <u>17,568,378</u>     |
| Total property, plant, and equipment | <u>\$ 114,287,800</u> |

Depreciation expense for the St. Bernard Parish Government of WW&S Division and the District totaled \$2,563,704 for the year ended December 31, 2002.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

The St. Bernard Parish Government maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash". Cash overdrafts are displayed on the combined balance sheet as "other liabilities" within the individual fund type amounting to \$11,341,461 at December 31, 2002.

**a) Bank Deposits**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**a) Bank Deposits (Continued)**

account of the political subdivision. In accordance with state law all cash and deposits were collateralized.

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

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

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

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

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

|      | Bank Balances Category |                    |             | Book                |
|------|------------------------|--------------------|-------------|---------------------|
|      | 1                      | 2                  | 3           | Balance             |
| Cash | <u>\$ 376,374</u>      | <u>\$3,024,942</u> | <u>\$ -</u> | <u>\$ 3,187,296</u> |

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

|      | Bank Balances Category |                     |             | Book                 |
|------|------------------------|---------------------|-------------|----------------------|
|      | 1                      | 2                   | 3           | Balance              |
| Cash | <u>\$ -</u>            | <u>\$16,398,397</u> | <u>\$ -</u> | <u>\$ 16,291,291</u> |

At December 31, 2002, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**a) Bank Deposits (Continued)**

**Home Mortgage Authority**

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian.

**b) Investments**

State statutes authorize the parish government to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP investments are restricted to securities issued, guaranteed, or otherwise backed by U.S. Treasury, the U.S. Government, or one of its agencies, enterprise, or instrumentalities, as well as repurchase agreements collateralized by those securities.

The Parish government's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

Category 1 includes investments that are insured or registered or for which the securities are held by the parish government or its agent in the parish government's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the parish government's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the parish government's name.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**b) Investments (Continued)**

At year-end the carrying amount of investments are as follows:

|  | Risk Category |             |      | <u>Carrying<br/>Amount</u> |
|--|---------------|-------------|------|----------------------------|
|  | 1             | 2           | 3    |                            |
| Investments subject to categorization:     |               |             |      |                            |
| Special Revenue Fund                       |               |             |      |                            |
| Library Fund                               | \$2,500,000   | \$ -        | \$ - | \$2,500,000                |
| Internal Service Fund                      |               |             |      |                            |
| Certificates of Deposit                    | -             | -           | -    | -                          |
| Component Unit                             |               |             |      |                            |
| St. Bernard Parish Home                    |               |             |      |                            |
| Mortgage Authority                         |               |             |      |                            |
| at fair value:                             |               |             |      |                            |
| Guaranteed Investment                      |               |             |      |                            |
| Contracts                                  | -             | 96,545      | -    | 96,545                     |
| U.S. Government                            |               |             |      |                            |
| securities                                 | -             | 1,421,984   | -    | 1,421,984                  |
| Totals                                     | \$2,500,000   | \$1,518,529 | \$ - | 4,018,529                  |
| Investments not subject to categorization: |               |             |      |                            |
| Louisiana Asset Management Pool (LAMP)     |               |             |      | 241,256                    |
| Total investments                          |               |             |      | \$4,259,785                |

U.S. Government securities and guaranteed investment contracts are carried at market value.

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield. Investments in LAMP are not categorized as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 6 - OPERATING LEASES**

The Division receives lease income under the following agreements:

| <u>Lease</u>           | <u>Yearly<br/>Income</u> | <u>Lease<br/>Period</u> | <u>Beginning Date</u> | <u>Option</u>             |
|------------------------|--------------------------|-------------------------|-----------------------|---------------------------|
| Right-of-way agreement | \$2,500                  | 10 years                | September 1, 1995     | Additional 10 year term   |
| Tower lease #1         | 6,000                    | 5 years                 | August 9, 1995        | 3 additional 5 year terms |
| Tower lease #2         | 7,200                    | 5 years                 | June 26, 1996         | 3 additional 5 year terms |
| Tower lease #3         | 13,800                   | 5 years                 | August 22, 1996       | 3 additional 5 year terms |
| Tower lease #4         | 13,200                   | 5 years                 | November 19 1998      | 4 additional 3 year terms |
| Tower lease #5         | 12,500                   | 5 years                 | July 28, 1998         | 4 additional 3 year terms |
| Tower lease #6         | 9,600                    | 5 years                 | December 23, 1997     | 4 additional 3 year terms |

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years.

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

| <u>Year Ending<br/>December 31,</u> |                   |
|-------------------------------------|-------------------|
| 2003                                | \$ 58,692         |
| 2004                                | 39,100            |
| 2005                                | 30,300            |
| 2006                                | 21,000            |
| 2007                                | -                 |
| Thereafter                          | <u>-</u>          |
| Total                               | <u>\$ 148,892</u> |

Rental income for the year ended December 31, 2002 was \$61,539.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS**

**a) All Fund Types - Bonds Payable**

The following is a summary of the bonds payable transactions for the year ended December 31, 2002.

|                   | <u>General<br/>Long-term<br/>Debt</u> | <u>Enterprise<br/>Fund</u> | <u>Total<br/>Primary<br/>Government</u> | <u>Component<br/>Unit</u> | <u>Total<br/>Reporting<br/>Entity</u> |
|-------------------|---------------------------------------|----------------------------|---|---------------------------|---------------------------------------|
| Balances at       |                                       |                            |   |                           |                                       |
| January 1, 2002   | \$6,065,272                           | \$ 15,805,000              | \$ 21,870,272                           | \$1,968,854               | \$23,839,126                          |
| Additions         | 500,000                               | -                          | 500,000                                 | 91,996                    | 591,996                               |
| Reductions        | <u>(1,092,583)</u>                    | <u>(1,575,000)</u>         | <u>(2,667,583)</u>                      | <u>(320,901)</u>          | <u>(2,988,484)</u>                    |
| Balances at       |                                       |                            |   |                           |                                       |
| December 31, 2002 | <u>\$5,472,689</u>                    | <u>\$ 14,230,000</u>       | <u>\$ 19,702,689</u>                    | <u>\$1,739,949</u>        | <u>\$21,442,638</u>                   |

**b) Governmental Fund Types**

**i) Bonds Payable**

The annual requirements to amortize all bonds and/or certificates outstanding are as follows:

| <u>Year Ending<br/>December 31,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>       |
|-------------------------------------|---------------------|-------------------|--------------------|
| 2003                                | \$ 788,172          | \$ 237,856        | \$1,026,028        |
| 2004                                | 823,172             | 200,130           | 1,023,302          |
| 2005                                | 868,172             | 160,601           | 1,028,773          |
| 2006                                | 918,173             | 118,494           | 1,036,667          |
| 2007                                | 555,000             | 83,882            | 638,882            |
| Thereafter                          | <u>1,520,000</u>    | <u>111,388</u>    | <u>1,631,388</u>   |
| Total                               | <u>\$ 5,472,689</u> | <u>\$ 912,351</u> | <u>\$6,385,040</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**b) Governmental Fund Types (Continued)**

**ii) Prior Years' Defeasance of Debt**

In prior years, the Parish Government defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Parish Government's General Long-Term Debt Account Group. As of December 31, 2002, the amount of defeased debt outstanding but removed from the General Long-Term Debt Account Group amounted to \$4,925,000.

**c) Proprietary Fund Types - The Division**

The following is a summary of long-term liabilities and the current portion due at December 31, 2002:

|   | <u>Water and<br/>Sewer Division</u> | <u>Sewer District</u> |                   | <u>Total</u>         |
|---|-------------------------------------|-----------------------|-------------------|----------------------|
|   |                                     | <u>No.1</u>           | <u>No.2</u>       |                      |
| Public improvement,<br>general obligation,<br>revenue and sales tax<br>bond payable                           | \$ 13,455,000                       | \$ 90,000             | \$ 685,000        | \$ 14,230,000        |
| Less current portion:<br>Public improvements,<br>general obligation,<br>revenue and sales tax<br>bond payable | <u>1,215,000</u>                    | <u>90,000</u>         | <u>335,000</u>    | <u>1,640,000</u>     |
| Long-term portion   | <u>\$ 12,240,000</u>                | <u>\$ -</u>           | <u>\$ 350,000</u> | <u>\$ 12,590,000</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**c) Proprietary Fund Types - The Division (Continued)**

**i) Public Improvement and General Obligation Bonds**

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes.

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

1. \$675,000 General Obligation Refunding Bonds of the Sewer District No. 1 issue of September 1, 1991, due in annual installments of \$85,000 to \$90,000 bearing interest rates of 6.4% to 6.5% through March 1, 2003. Amount outstanding - \$90,000.
2. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. Amount outstanding - \$685,000.

**ii) Sales Tax Bonds**

On December 1, 1999, Sales Tax Bonds were issued for \$9,950,000. The interest rate on the bond is 5.35% and the bond matures on December 1, 2019 with debt service payments due in annual principal installments ranging from \$310,000 to \$805,000. The balance outstanding at December 31, 2002 is \$9,070,000.

The bonds were issued for the purpose of financing improvements to the sewer and water systems of the Division. The bonds are special and limited obligations of the Division, secured by and payable from a pledge and dedication of a ½% sales tax levied by the Parish for the Division.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**c) Proprietary Fund Types - The Division (Continued)**

**ii) Sales Tax Bonds (Continued)**

The gross proceeds of the sales tax are collected by the St. Bernard Parish Sheriff, who withholds a portion to pay the reasonable and necessary expenses of collection and administration of the tax. After payment of such expenses, the remaining balance of the revenues of the tax shall constitute a dedicated fund of the Division, from which appropriations and expenditures by the Division shall be made solely for the purposes designated in the proposition authorizing the levy of the tax, including the payment of the bonds. The bond resolution requires the Water and Sewer Division to establish and maintain the following accounts:

1. A debt service account with monthly deposits of one-twelfth of the principal falling due on the next principal payment date and one-sixth of the interest falling due on the next interest payment date.
2. A debt service reserve account equal to the lesser of a) 10% of the original proceeds or b) the maximum principal and interest requirements for any succeeding bond year.

Management has established the following accounts to report the use of sales tax proceeds:

1. A reserve for inflow and infiltration account equal to 25% of the annual revenues of the tax to correct inflow and infiltration in sewage collection lines, or to repair damage caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the total membership of the Parish Council.
2. A reserve for system improvements account with monthly transfers which represent the ½% sales tax being levied and collected.

The Division has established and maintained these accounts, and at December 31, 2002, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the renewal and replacement account are \$99,493, \$952,755, \$2,494,440 and \$3,423,687, respectively. The account balances exceed the minimum requirements of the bond indenture.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**c) Proprietary Fund Types - The Division (Continued)**

**iii) Revenue Bonds**

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. The bonds had interest rates ranging from 7.50% to 8% and debt service payments from \$400,000 to \$990,000. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1999. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. The balance outstanding at December 31, 2002 is \$3,500,000.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. The bonds required annual principal installments of \$55,000 to \$800,000, with interest rates ranging between 6.0% and 7.10%. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2002 is \$885,000.

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

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2002, is 3.12 to 1.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**c) Proprietary Fund Types - The Division (Continued)**

**iii) Revenue Bonds (Continued)**

The ratio is more than the minimum requirements of the bond indenture. The bond agreement requires the Water and Sewer Division to establish and maintain the following accounts:

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

The Division has established and maintained these accounts, and at December 31, 2002, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$1,425,258, \$602,664, and \$5,048,110, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

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

| <u>Year Ending<br/>December 31,</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-------------------------------------|----------------------|---------------------|----------------------|
| 2003                                | \$ 1,640,000         | \$ 741,664          | \$ 2,381,664         |
| 2004                                | 1,450,000            | 661,714             | 2,111,714            |
| 2005                                | 1,505,000            | 585,496             | 2,090,496            |
| 2006                                | 1,405,000            | 511,004             | 1,916,004            |
| 2007                                | 520,000              | 437,591             | 957,591              |
| 2008-2019                           | <u>7,710,000</u>     | <u>2,830,377</u>    | <u>10,540,377</u>    |
| Totals                              | <u>\$ 14,230,000</u> | <u>\$ 5,767,846</u> | <u>\$ 19,997,846</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**c) Proprietary Fund Types - The Division (Continued)**

**iv) Customer Deposits**

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2002, the customer meter deposits cash account had a balance of \$533,169 and meter liability of \$1,360,464.

**v) Prior Years' Defeasance of Debt**

In prior years, the Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Division's Long-Term Bonds Payable. As of December 31, 2002, the amount of defeased debt outstanding but removed from amounted to \$5,225,000.

**d) Home Mortgage Authority**

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

On March 31, 1991, the Authority issued \$4,435,000 in Single Family Mortgage Refunding Bonds with an interest rate of 8% to advance refund \$5,900,000 of outstanding 1980 Series bonds with an interest rate of 10.75%. The 1980 Series bonds have since been retired.

**i) Bonds Payable**

On June 1, 1992, the Home Mortgage Authority issued \$11,255,000 in Single Family Mortgage Refunding Bonds, \$200,000 (maturity amount) in Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in Single Family Mortgage Revenue Bonds, and \$2,130,000 in Single Family Mortgage Refunding Bonds to advance refund \$16,470,000 of outstanding 1979 Series bonds with interest rates of 5.87% to 7.5%. The net proceeds of \$13,795,143 (after \$1,621,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**d) Home Mortgage Authority (Continued)**

**i) Bonds Payable (Continued)**

fund money, loan proceeds and accrued interest were used to purchase Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for those bonds were removed from the general purpose financial statements. At March 31, 2002, \$12,825,000 of the defeased bonds is still outstanding.

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

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

|  |                     |
|--|---------------------|
| Single Family Mortgage Revenue Bonds:  |                     |
| 1992 Program Series C, zero coupon, due 2014 at maturity value of \$3,000,000, discounted to yield approximately 7.65%, unamortized discount was \$1,806,052 at March 31, 2002 | \$ 1,193,948        |
| Single Family Mortgage Refunding Bonds:  |                     |
| 1991 Program, due 1994-2012, 8%,   | 356,877             |
| 1992 Program Series B-1, due 2011, 7.5% stated rate, discounted to yield approximately 7.84%, unamortized discount was \$3,920 at March 31, 2002                               | 123,193             |
| 1992 Program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$134,069 at March 31, 2002   | <u>65,931</u>       |
| Total  | <u>\$ 1,739,949</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**d) Home Mortgage Authority (Continued)**

**i) Bonds Payable (Continued)**

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

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

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

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

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



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 7 - GENERAL LONG-TERM OBLIGATIONS (CONTINUED)**

**d) Home Mortgage Authority (Continued)**

**i) Bonds Payable (Continued)**

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

**NOTE 8 - INTERFUND PAYABLES, RECEIVABLES AND INTERFUND TRANSFERS**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. The following balances represent the interfund receivables and payables at December 31, 2002:

| <u>Funds</u>          | <u>Interfund<br/>Receivables</u> | <u>Interfund<br/>Payables</u> |
|-----------------------|----------------------------------|-------------------------------|
| General Fund          | \$ 667,964                       | -                             |
| Special Revenue Funds | -                                | 76,178                        |
| Enterprise Fund       | -                                | 687,803                       |
| Internal Service Fund | <u>96,017</u>                    | <u>-</u>                      |
| <b>Totals</b>         | <b><u>\$ 763,981</u></b>         | <b><u>\$ 763,981</u></b>      |

During the course of the operations, numerous transactions occur between individual funds for goods provided or services rendered. These transactions are classified as other financing sources (uses) operating transfers in and out on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance. The following balances represent the internal transfers at December 31, 2002:

| <u>Funds</u>           | <u>Operating<br/>Transfers In</u> | <u>Operating<br/>Transfers Out</u> |
|------------------------|-----------------------------------|------------------------------------|
| General Fund           | \$ 2,349,778                      | \$ 14,163,146                      |
| Special Revenue Funds  | 11,996,493                        | 1,400,556                          |
| Debt Service Funds     | 692,560                           | -                                  |
| Capital Projects Funds | <u>524,871</u>                    | <u>-</u>                           |
| <b>Totals</b>          | <b><u>\$ 15,563,702</u></b>       | <b><u>\$ 15,563,702</u></b>        |



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 9 - LITIGATION**

On January 15, 1998, the Parish Government was a defendant in a lawsuit in which an unfavorable judgment had been rendered. The parish government has paid three of the four installment payments totaling \$437,716. The final payment of \$110,033 was paid in January 2002.

On December 21, 2001, the Parish government agreed to pay \$225,000 to settle a disputed matter and to avoid litigation. The Parish paid the first installment of \$175,000 in December 2001 and paid the final \$50,000 prior to September 1, 2002.

Along with the previously discussed litigation, the Parish is named as a defendant in a number of lawsuits arising principally from claims related to personal injury, negligence, and property damage. As discussed in Note 15, the Parish is primarily self-insured with respect to claims of these types. The Parish's insurance department and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Parish and to arrive at an estimate, if possible, of the amount or range of potential loss to the Parish.

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$402,453 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$1,818,900 have been accrued in the Division Enterprise Fund. The Parish's and Water and Sewer Division's "reasonably possible" loss contingencies at December 31, 2002 for which an amount of liability can be estimated are \$140,000 and \$215,000, respectively and are not reflected in these financial statements.

The Division was involved in a class action lawsuit. In April of 2000, St. Bernard Parish District Court certified the claimant's request to deem the suit as a class action suit, and the class certification was upheld by the Court of Appeals. The Division was covered for up to \$1,000,000 of loss. The class action lawsuit was subsequently settled in May of 2003. See Note 20.

**NOTE 10 - MORTGAGE LOANS RECEIVABLE - PROPRIETARY FUNDS**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 10 - MORTGAGE LOANS RECEIVABLE - PROPRIETARY FUNDS**  
**(CONTINUED)**

In addition to the customary insurance required of the mortgagors, the Authority, under pool insurance policies, insures the mortgage loans. The loans of the 1991 program are also insured under a special hazard policy. The mortgage loans receivable were obtained through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS**

The St. Bernard Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2002 was \$ 11,827,760 (which includes a parish payroll of \$ 9,667,295 and St. Bernard Parish Government Department of Public Works Water and Sewer Division payroll of \$ 2,160,464).

**a) Parochial Employees' Retirement System**

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

**Funding Policy** - Plan members are required to contribute 9.5% of their annual-covered salary and the Parish is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Parish is established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2002, 2001 and 2000 were \$607,922, \$591,482, and \$559,662, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**b) Firefighters' Retirement System**

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

**Funding Policy** - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. The current rate is 9% of annual-covered payroll. The contribution requirements of plan members and the Parish is established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2002, 2001 and 2000 were \$368,482, \$339,448, and \$331,478, respectively, equal to the required contributions for each year.

**LOUISIANA FIREFIGHTERS RETIREMENT SYSTEM CONTRIBUTIONS**

Prior to January 1, 2003, the Parish contributed funds to the Louisiana Firefighters Retirement System equal to a statutorily fixed rate of 9% of payroll to provide pension. Beginning January 1, 2003, the Parish began paying a rate of 18.25% of payroll. On July 1, 2003, that rate will increase to 25% of payroll.

**c) District Attorneys' Retirement System**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**c) District Attorneys' Retirement System (Continued)**

**Funding Policy** - Plan members are required to contribute 7% of their compensation to the System. In addition, the Sheriffs and ex-office tax collectors are required to contribute 2% of taxes collected to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 1.25% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. In July 1998, the Parish was no longer required to contribute to the retirement system. The Parish's contribution to the System for the year ended December 31, 1998 was \$1,170, equal to the required contribution for the year.

Employees of the Division are members of the Parochial Employees' Retirement System of Louisiana ("System"), a multiple-employer (cost sharing), public-employee retirement system (PERS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Division are members of Plan A. For the year ended December 31, 2002, the total payroll for employees covered by the System under Plan A was \$2,157,567.

**Plan Description** - The Water and Sewer Division contributes to Plan A of the Parochial Employees' Retirement System of Louisiana, a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan.

The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

**Funding Policy** - Plan members are required to contribute 9.5% of their annual-covered salary and the Water and Sewer Division is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Water and Sewer Division are established and may be amended by state statute. The Water and Sewer Division's contributions to the System for the years ended December 31, 2002, 2001, and 2000 were \$ 166,746, \$205,137, and \$167,325, respectively, equal to the required contributions for each year.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 12 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS**

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

**a) Governmental Funds - Reserved Fund Balances**

**i) Reserve for Contracts**

The Parish government reserved \$14 for contracts in Capital Projects Funds as of December 31, 2002.

**ii) Reserve for Debt Service**

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

|                              | <u>Debt Service<br/>Funds</u> |
|------------------------------|-------------------------------|
| Balance at January 1, 2002   | \$ 1,937,150                  |
| Payments                     | (1,352,070)                   |
| Collections                  | <u>1,590,432</u>              |
| Balance at December 31, 2002 | <u>\$ 1,005,352</u>           |

**iii) Designated Fund Balances**

The St. Bernard Parish Library's Board designated \$2,400,000 for future capital expansion.

**b) Proprietary Funds - The Division - Reserved Retained Earnings**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 12 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS (CONTINUED)**

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

**i) Reserve for Capital Renewal and Replacement and System Improvements**

**(1) Sales Tax Bonds**

The account accumulates monies from the sales tax fund which represent the ½% sales tax being levied and collected. The reserved retained earnings are \$5,581,279 at December 31, 2002.

**ii) Reserve for Construction**

**(1) Revenue Bonds**

The account accumulates monies to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the sewerage system. Such monies will also be available to pay the principal and interest on outstanding bonds in the event funds are not sufficient in the debt service and debt service reserve accounts. (Minimum deposits are made monthly to the reserve account from revenues in an amount equal to 5% of the prior month's operating expenses.) In addition, net assets acquired with the Water and Sewer Division's funds are included in the reserve per board resolution. The reserved retained earnings are \$743,072 at December 31, 2002.

**(2) Sales Tax Bonds**

The account is established in accordance with bond requirements and the Parish's resolution for the Division. The reserved funds pay for construction projects required by the United States Environmental Protection Agency. Upon completion of the projects, any remaining funds may be reserved for debt service to satisfy any deficiency in funds needed to pay principal and interest on the Sales Tax Bonds issue. The reserved retained earnings at December 31, 2002 are \$4,328,716.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 12 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS (CONTINUED)**

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

**iii) Reserve for Debt Service**

**(1) Revenue Bonds**

This reserve consists of two accounts. 1) The debt service account accumulates money from the net utilities revenues for the payment of interest and principal on the 1994 revenue bonds. 2) The debt service reserve account, consisting of \$1,111,165 of bond proceeds, is set aside for the benefit of bondholders. As of December 31, 2002, the reserved retained earnings are \$2,741,248.

**(2) Sales Tax Bonds**

This reserve consists of two accounts. 1) The debt service account accumulates money from the net collection of sales tax for the payment of interest and principal on the sales tax bonds. 2) The debt service reserve account accumulates interest on the \$848,068 of bond proceeds set aside for the benefit of bondholders. The reserved retained earnings at December 31, 2002 are \$1,052,248.

**iv) Reserve for Inflow and Infiltration**

**(1) Revenue Bonds**

There is no reserve for inflow and infiltration related to the revenue bonds.

**(2) Sales Tax Bonds**

The account is established in accordance with a special election held in November 1998. The election authorized the Parish to levy a ½% sales tax for improvements to the sewer and water system, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the tax must be expended to correct inflow and infiltration in sewage collection lines or to repair damage caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the total membership of the Council. As of December 31, 2002 the reserved retained earnings are \$2,655,254.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 12 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS (CONTINUED)**

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

**v) Reserve for Contracts**

The reserve for contracts is \$2,879,666.

**c) Internal Service Funds - Reserved Retained Earnings**

**i) Reserve for Insurance Claims**

The Parish Government reserved \$3,672,961 for insurance claims as of December 31, 2002.

**NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS – PROPRIETARY FUNDS**

The Division provides certain continuing health care insurance benefits for its retired employees. Substantially all of the Division's employees become eligible for these benefits if they reach normal retirement age while working for the Division. As of the year end, 15 retirees were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Division.

**NOTE 14 - SELF INSURANCE / RISK MANAGEMENT**

The parish government is exposed to various risks of loss related to general liability, auto liability, workers' compensation, unemployment compensation, property, and group health benefits. Various suits and claims arising from personal injury and property damage, some for substantial amounts, are pending against the parish government, its insurers and others. In accordance with Statement of Financial Accounting Standards No. 5, the parish government's Internal Service Fund and the Division have provided for, in their financial statements, estimated losses from the aforementioned pending suits and claims based on the estimated ultimate cost of settling the claims, considering the effects of inflation, recent claim settlement trends and other social and economic factors, including the effects of specific incremental claim adjustment expense, salvage and subrogation. The parish government believes the ultimate settlement cost will not materially exceed the amounts provided for the claims.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 14 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)**

**a) Enterprise Funds**

The St. Bernard Parish Government Department of Public Works Water and Sewer Division was self-insured for hospitalization claims up to approximately \$20,000 per employee or an aggregate of approximately \$231,000 per year until July 2000. The excess was insured under an insurance policy. An independent insurance service company administered the fund. The Division is no longer self-insured for hospitalization.

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

|                                       | <u>2002</u> | <u>2001</u>  | <u>2000</u>      |
|---------------------------------------|-------------|--------------|------------------|
| Claims liability at beginning of year | \$ -        | \$ 627       | \$ 138,794       |
| Plus provision for incurred claims    | -           | -            | 120,555          |
| Less claims paid                      | <u>-</u>    | <u>(627)</u> | <u>(258,722)</u> |
| Claims liability at end of year       | <u>\$ -</u> | <u>\$ -</u>  | <u>\$ 627</u>    |

Effective February 1, 1997, the Division established a self-insurance fund for their workman's compensation, unemployment compensation, general and automobile liability. The Division is self insured for claims up to \$250,000 per occurrence. They have an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. An independent insurance service company administers the fund.

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

The following represents a reconciliation of total claims liability:

|                                       | <u>2002</u>       | <u>2001</u>       | <u>2000</u>       |
|---------------------------------------|-------------------|-------------------|-------------------|
| Claims liability at beginning of year | \$ 808,712        | \$ 484,743        | \$ 595,232        |
| Plus provision for incurred claims    | 181,625           | 937,557           | 60,484            |
| Less claims paid                      | <u>(297,605)</u>  | <u>(613,588)</u>  | <u>(170,973)</u>  |
| Claims liability at end of year       | <u>\$ 692,732</u> | <u>\$ 808,712</u> | <u>\$ 484,743</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 14 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)**

**b) Internal Service Fund**

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish except for the Enterprise Fund - Water and Sewer Division. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. An independent insurance service company administers the fund.

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

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

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

The following represents a reconciliation of total claims liability:

|                                       | <u>2002</u>         | <u>2001</u>         | <u>2000</u>         |
|---------------------------------------|---------------------|---------------------|---------------------|
| Claims liability at beginning of year | \$ 2,621,317        | \$ 2,425,785        | \$ 2,060,176        |
| Plus provision for incurred claims    | 123,108             | 1,257,895           | 1,423,732           |
| Less claims paid                      | <u>( 437,045)</u>   | <u>(1,062,363)</u>  | <u>( 1,058,123)</u> |
| Claims liability at end of year       | <u>\$ 2,307,380</u> | <u>\$ 2,621,317</u> | <u>\$ 2,425,785</u> |

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 15 – SEGMENT INFORMATION – ENTERPRISE FUND**

Segment information for the Parish's Enterprise Fund is as follows:

| Type of Service                           | Water and Sewer Services |
|---|--------------------------|
| Operating revenues                        | \$ 10,403,991            |
| Operating expenses:                       |                          |
| Depreciation and amortization             | 2,700,799                |
| All other                                 | 6,738,923                |
| Operating income                          | 964,269                  |
| Sales and Ad valorem tax revenues         | 4,106,087                |
| Net income                                | 5,943,478                |
| Property, plant and equipment - additions | 4,958,239                |
| Donated lines                             | 247,147                  |
| Bonds payable                             | 14,230,000               |
| Net working capital (deficiency)          | 78,246                   |
| Total assets                              | 80,172,598               |
| Contributed capital                       | 12,871,208               |
| Total fund equity                         | 61,406,278               |

**NOTE 16 - JOINT VENTURE - GOVERNMENTAL FUNDS**

There exists a joint venture between the St. Bernard Parish Government and the St. Bernard Cultural Center, Inc. (Corporation). The Corporation is a nonprofit entity which provides concession services to the St. Bernard Parish Cultural Center. The Corporation was organized on a nonstock basis, and its shareholders, pursuant to RS 12:210, consist of the St. Bernard Parish Manager, Secretary, and Treasurer. A board of directors manages the affairs and business of the Corporation. The Corporation reimburses the Parish government the cost of Parish employees used for the concessions. In addition, any profit made is remitted to the Parish government. Following is a condensed financial statement on the Corporation as of December 31, 2002.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 16 - JOINT VENTURE - GOVERNMENTAL FUNDS (CONTINUED)**

| <u>Balance Sheet</u>                               |                    |
|--|--------------------|
| Assets   | \$ <u>2,159</u>    |
| Retained Earnings                                  | \$ <u>2,159</u>    |
| <u>Income Statement</u>                            |                    |
| Revenue  | \$ 113,951         |
| Less returns, allowances and<br>cost of goods sold | <u>(34,600)</u>    |
| Gross profit                                       | 79,351             |
| Less expenses                                      | (53,187)           |
| Less transfers to St. Bernard Parish<br>Government | <u>(78,350)</u>    |
| Net loss   | \$ <u>(52,186)</u> |

**NOTE 17 - CRIMINAL COURT FUND**

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2002, \$200,000 was transferred to the General Fund.

**NOTE 18 - ADMINISTRATIVE ORDER**

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

As of December 31, 2002, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these general purpose financial statements.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2002**

**NOTE 19 - COMMITMENTS AND CONTINGENCIES**

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

**NOTE 20 -- SUBSEQUENT EVENT**

Sales Tax Bonds Series 2003

In January 2003, the St. Bernard Parish Government issued \$6,970,000 of Sales Tax Bonds, Series 2003 for the purpose of 1) making capital improvements, title to which shall be in the public and 2) refunding the outstanding Public Improvement Refunding Bonds, Series ST-1996. The Bonds bear interest ranging from 3.2% to 4.65% and requires annual payments from \$220,000 to \$570,000 and mature on March 1, 2022.

Class Action Lawsuit

The Division was involved in a class action lawsuit. In April of 2000, St. Bernard Parish District Court certified the claimant's request to deem the suit as a class action suit, and the class certification was upheld by the Court of Appeals. In May of 2003, the Division settled the class action lawsuit. The Division was covered for up to \$1,000,000 of loss. The Parish's insurance company paid the Parish \$950,000 toward the settlement and the Parish's class action attorney reimbursed the Parish \$20,000 for funds not expended. The Parish issued a check in the amount of \$1,150,000 payable to the St. Bernard Parish Settlement Fund. The money will stay in the Escrow Fund until the approval of the settlement in adjudicated fairness hearing.

**SUPPLEMENTARY INFORMATION SECTION**

## **SPECIAL REVENUE FUNDS**

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

### **Public Works Fund**

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

### **Garbage District No. 1 Fund**

The Garbage District No. 1 Fund is used to account for the Parish's garbage collection and disposal system. These services are presently being contracted out to a private firm. Revenues are derived from ad valorem taxes, state revenue sharing, and a ½% dedicated sales tax for garbage collection.

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

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

### **Recreation Department Fund**

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

### **Health Fund**

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

### **Urban Mass Transportation Administration Fund**

The Urban Mass Transportation Administration Fund is used to account for the operations of the public transit system. The system is partly funded by an operating grant received from the Federal Transit Authority.

## **SPECIAL REVENUE FUNDS (CONTINUED)**

### **Workforce Investment Act Fund**

The Workforce Investment Act Fund (WIA), formerly known as the Jobs Training Partnership Act Fund (JTPA), is used to account for the collection and payment of Jobs Training Partnership Act Funds and Workforce Investments Act funds on behalf of other agencies, governing bodies and/or other funds.

### **Housing Rent Subsidy Fund**

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

### **Housing Voucher Program Fund**

The Housing Voucher Program Fund is used to account for the administration of the Housing Voucher Program.

### **Judicial Court Reporter Fund**

The Judicial Court Reporter Fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

### **Criminal Court Fund**

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

### **Contingency Criminal Court "A" Fund**

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

### **Civic Auditorium Fund**

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

## **SPECIAL REVENUE FUNDS (CONTINUED)**

### **District Attorney General Fund**

The District Attorney General Fund is used to account for the salaries and expenses of the District Attorney of the Thirty-Fourth Judicial District. This fund is financed by a transfer of sales tax from the General Fund, which is budgeted annually by the Parish government at the same time it prepares its annual budget. The Parish government is mandated to pay the expenses of the District Attorney's office as provided by Louisiana Revised Statutes 16:6 and 16:839.4.

### **Environmental Mitigation Fund**

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

### **Deputy Witness Fee Fund**

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

### **Library Fund**

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

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

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

### **Human Resources Fund**

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

## **SPECIAL REVENUE FUNDS (CONTINUED)**

### **Communications Fund**

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

### **Community Development Fund**

The Community Development Fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

### **Council On Aging Fund**

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

### **Weatherization Fund**

The Weatherization Fund is used to account for the administration of weatherization assistance program. Financing is provided by the Department of Social Services.

### **Low Income Home Energy Assistance Program Fund**

The Low Income Home Energy Assistance Program Fund is used to account for the administration of the low-income home energy assistance program. Financing is provided by the Department of Social Services.

### **Day Care Fund**

The Day Care Fund is used to account for the administration of a family day care home program. Financing is provided by the Department of Education.

### **Federal Emergency Management Assistance Fund**

The Federal Emergency Management Assistance Fund is used to account for administration of the emergency food and shelter program.



**COMBINING BALANCE SHEET -  
SPECIAL REVENUE FUNDS**

**St. Bernard Parish Government**

**December 31, 2002**

|  | Consolidated        |                             |   |                            |                   |   |                               |                           |                              |
|--|---------------------|-----------------------------|---|----------------------------|-------------------|---|-------------------------------|---------------------------|------------------------------|
|  | Public Works Fund   | Garbage District No. 1 Fund | Fire Protection District No. 1 - 2 Fund | Recreation Department Fund | Health Fund       | Urban Mass Transportation Administration Fund | Workforce Investment Act Fund | Housing Rent Subsidy Fund | Housing Voucher Program Fund |
| <b>Assets</b>                                      |                     |                             |   |                            |                   |   |                               |                           |                              |
| Cash   | \$ -                | \$ 291,114                  | \$ 92,194                               | \$ 300                     | \$ 83,290         | \$ -  | \$ 36,145                     | \$ -                      | \$ 35,713                    |
| Investments  | -                   | -                           | -                                       | -                          | -                 | -   | -                             | -                         | -                            |
| Receivables - net                                  | 2,081,529           | 745,660                     | 1,779,453                               | 528,757                    | 147,666           | 28,127  | 80,779                        | 11,801                    | -                            |
| Other assets                                       | -                   | 3,185                       | 38,994                                  | 20,543                     | -                 | 2,229   | 127                           | 299                       | 320                          |
| <b>Total assets</b>                                | <b>\$ 2,081,529</b> | <b>\$ 1,039,959</b>         | <b>\$ 1,910,641</b>                     | <b>\$ 549,600</b>          | <b>\$ 230,956</b> | <b>\$ 30,356</b>                              | <b>\$ 117,051</b>             | <b>\$ 12,100</b>          | <b>\$ 36,033</b>             |
| <b>Liabilities</b>                                 |                     |                             |   |                            |                   |   |                               |                           |                              |
| Accounts payable                                   | \$ 17,217           | \$ 1,015,383                | \$ 186                                  | \$ -                       | \$ -              | \$ -  | \$ 22,140                     | \$ -                      | \$ 36,033                    |
| Salaries and payroll deductions                    | 128,080             | 24,576                      | 160,519                                 | 25,992                     | -                 | 16,948  | 5,973                         | -                         | -                            |
| Due to other funds                                 | 26,178              | -                           | -                                       | -                          | -                 | -   | 50,000                        | -                         | -                            |
| Deferred revenue                                   | -                   | -                           | -                                       | -                          | -                 | -   | 35,978                        | -                         | -                            |
| Other liabilities                                  | 1,910,054           | -                           | 1,749,936                               | 523,608                    | -                 | 13,408  | -                             | 12,100                    | -                            |
| <b>Total liabilities</b>                           | <b>2,081,529</b>    | <b>1,039,959</b>            | <b>1,910,641</b>                        | <b>549,600</b>             | <b>-</b>          | <b>30,356</b>                                 | <b>114,091</b>                | <b>12,100</b>             | <b>36,033</b>                |
| <b>Fund Equity (Deficit)</b>                       |                     |                             |   |                            |                   |   |                               |                           |                              |
| Fund balances (deficit):                           |                     |                             |   |                            |                   |   |                               |                           |                              |
| Designated - development                           | -                   | -                           | -                                       | -                          | -                 | -   | -                             | -                         | -                            |
| Unreserved - undesignated                          | -                   | -                           | -                                       | -                          | 230,956           | -   | 2,960                         | -                         | -                            |
| <b>Total fund equity (deficit)</b>                 | <b>-</b>            | <b>-</b>                    | <b>-</b>                                | <b>-</b>                   | <b>230,956</b>    | <b>-</b>                                      | <b>2,960</b>                  | <b>-</b>                  | <b>-</b>                     |
| <b>Total liabilities and fund equity (deficit)</b> | <b>\$ 2,081,529</b> | <b>\$ 1,039,959</b>         | <b>\$ 1,910,641</b>                     | <b>\$ 549,600</b>          | <b>\$ 230,956</b> | <b>\$ 30,356</b>                              | <b>\$ 117,051</b>             | <b>\$ 12,100</b>          | <b>\$ 36,033</b>             |

(Continued)

**COMBINING BALANCE SHEET -  
SPECIAL REVENUE FUNDS (CONTINUED)**

**St. Bernard Parish Government**

**December 31, 2002**

|  | Judicial<br>Court<br>Reporter<br>Fund | Criminal<br>Court<br>Fund | Contingency<br>Criminal<br>Court "A"<br>Fund | District<br>Attorney<br>General<br>Fund | Environmental<br>Mitigation<br>Fund | Deputy<br>Witness<br>Fee<br>Fund | Library<br>Fund     | Road<br>Lighting<br>District<br>No. 1<br>Fund | Human<br>Resources<br>Fund |
|--|---------------------------------------|---------------------------|--|---|-------------------------------------|----------------------------------|---------------------|---|----------------------------|
| <b>Assets</b>                                      |                                       |                           |  |   |                                     |                                  |                     |   |                            |
| Cash   | \$ 8,737                              | \$ 16,033                 | \$ 1,575                                     | \$ 10,861                               | \$ 7,308                            | \$ -                             | \$ 285,289          | \$ -  | \$ -                       |
| Investments  | -                                     | -                         | -  | -                                       | -                                   | -                                | 2,500,000           | -   | -                          |
| Receivables - net                                  | 3,552                                 | 21,337                    | -  | -                                       | -                                   | 7,483                            | 835,942             | 296,519                                       | 17,921                     |
| Other assets                                       | 1,895                                 | -                         | 318  | 4,411                                   | -                                   | -                                | -                   | -   | 21,141                     |
| <b>Total assets</b>                                | <b>\$ 14,184</b>                      | <b>\$ 37,370</b>          | <b>\$ 1,893</b>                              | <b>\$ 15,272</b>                        | <b>\$ 7,308</b>                     | <b>\$ 7,483</b>                  | <b>\$ 3,621,231</b> | <b>\$ 296,519</b>                             | <b>\$ 39,062</b>           |
| <b>Liabilities</b>                                 |                                       |                           |  |   |                                     |                                  |                     |   |                            |
| Accounts payable                                   | \$ -                                  | \$ -                      | \$ -   | \$ 25                                   | \$ -                                | \$ 1,050                         | \$ -                | \$ 38,852                                     | \$ 192                     |
| Salaries and payroll deductions                    | 14,184                                | -                         | 1,893  | 15,247                                  | -                                   | -                                | -                   | -   | 12,543                     |
| Due to other funds                                 | -                                     | -                         | -  | -                                       | -                                   | -                                | -                   | -   | -                          |
| Deferred revenue                                   | -                                     | -                         | -  | -                                       | -                                   | -                                | -                   | -   | -                          |
| Other liabilities                                  | -                                     | -                         | -  | -                                       | -                                   | 3,562                            | -                   | 257,667                                       | 26,327                     |
| <b>Total liabilities</b>                           | <b>14,184</b>                         | <b>-</b>                  | <b>1,893</b>                                 | <b>15,272</b>                           | <b>-</b>                            | <b>4,612</b>                     | <b>-</b>            | <b>296,519</b>                                | <b>39,062</b>              |
| <b>Fund Equity (Deficit)</b>                       |                                       |                           |  |   |                                     |                                  |                     |   |                            |
| Fund balances (deficit):                           |                                       |                           |  |   |                                     |                                  |                     |   |                            |
| Designated - development                           | -                                     | -                         | -  | -                                       | -                                   | -                                | 3,195,000           | -   | -                          |
| Unreserved - undesignated                          | -                                     | 37,370                    | -  | -                                       | 7,308                               | 2,871                            | 426,231             | -   | -                          |
| <b>Total fund equity (deficit)</b>                 | <b>-</b>                              | <b>37,370</b>             | <b>-</b>                                     | <b>-</b>                                | <b>7,308</b>                        | <b>2,871</b>                     | <b>3,621,231</b>    | <b>-</b>                                      | <b>-</b>                   |
| <b>Total liabilities and fund equity (deficit)</b> | <b>\$ 14,184</b>                      | <b>\$ 37,370</b>          | <b>\$ 1,893</b>                              | <b>\$ 15,272</b>                        | <b>\$ 7,308</b>                     | <b>\$ 7,483</b>                  | <b>\$ 3,621,231</b> | <b>\$ 296,519</b>                             | <b>\$ 39,062</b>           |

(Continued)

**COMBINING BALANCE SHEET -  
SPECIAL REVENUE FUNDS (CONTINUED)**

St. Bernard Parish Government

December 31, 2002

| Assets   | Civic Auditorium Fund | Communications Fund | Community Development Fund | Council On Aging Fund | Weatherization Fund | Low Income Home Energy Assistance Program Fund | Daycare Fund     | Federal Emergency Management Assistance Fund | Total                |
|--|-----------------------|---------------------|----------------------------|-----------------------|---------------------|--|------------------|--|----------------------|
|  | Cash                  | \$ 36,872           | \$ 568,956                 | \$ 23,035             | \$ -                | \$ -   | \$ 25,284        | \$ -   | \$ 179               |
| Investments  | -                     | -                   | -                          | -                     | -                   | -  | -                | -  | 2,500,000            |
| Receivables - net                                  | 5,000                 | 77,512              | 4,914                      | 217,278               | -                   | 54,335   | 28,363           | 100  | 6,974,028            |
| Other assets                                       | 3,455                 | -                   | 2,229                      | 318                   | 318                 | -  | -                | -  | 99,782               |
| <b>Total assets</b>                                | <b>\$ 45,327</b>      | <b>\$ 646,468</b>   | <b>\$ 30,178</b>           | <b>\$ 217,596</b>     | <b>\$ 318</b>       | <b>\$ 79,619</b>                               | <b>\$ 28,363</b> | <b>\$ 279</b>                                | <b>\$ 11,096,695</b> |
| <b>Liabilities</b>                                 |                       |                     |                            |                       |                     |  |                  |  |                      |
| Accounts payable                                   | \$ -                  | \$ -                | \$ -                       | \$ -                  | \$ -                | \$ -   | \$ -             | \$ -   | \$ 1,131,078         |
| Salaries and payroll deductions payable            | 14,264                | -                   | 30,178                     | 766                   | -                   | -  | -                | -  | 451,163              |
| Due to other funds                                 | -                     | -                   | -                          | -                     | -                   | -  | -                | -  | 76,178               |
| Deferred revenue                                   | 25,725                | -                   | -                          | -                     | -                   | -  | -                | -  | 61,703               |
| Other liabilities                                  | 5,338                 | -                   | -                          | 216,830               | 318                 | -  | 16,696           | -  | 4,735,844            |
| <b>Total liabilities</b>                           | <b>45,327</b>         | <b>-</b>            | <b>30,178</b>              | <b>217,596</b>        | <b>318</b>          | <b>-</b>                                       | <b>16,696</b>    | <b>-</b>                                     | <b>6,455,966</b>     |
| <b>Fund Equity (Deficit)</b>                       |                       |                     |                            |                       |                     |  |                  |  |                      |
| Fund balances (deficit):                           |                       |                     |                            |                       |                     |  |                  |  |                      |
| Designated - development                           | -                     | -                   | -                          | -                     | -                   | -  | -                | -  | 3,195,000            |
| Unreserved - undesignated                          | -                     | 646,468             | -                          | -                     | -                   | 79,619   | 11,667           | 279  | 1,445,729            |
| <b>Total fund equity (deficit)</b>                 | <b>-</b>              | <b>646,468</b>      | <b>-</b>                   | <b>-</b>              | <b>-</b>            | <b>79,619</b>                                  | <b>11,667</b>    | <b>279</b>                                   | <b>4,640,729</b>     |
| <b>Total liabilities and fund equity (deficit)</b> | <b>\$ 45,327</b>      | <b>\$ 646,468</b>   | <b>\$ 30,178</b>           | <b>\$ 217,596</b>     | <b>\$ 318</b>       | <b>\$ 79,619</b>                               | <b>\$ 28,363</b> | <b>\$ 279</b>                                | <b>\$ 11,096,695</b> |

See auditor's report.

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

**St. Bernard Parish Government**

For the Year Ended December 31, 2002

|   | Public<br>Works<br>Fund | Garbage<br>District<br>No. 1<br>Fund | Consolidated<br>Fire<br>Protection<br>District<br>No. 1 - 2<br>Fund | Recreation<br>Department<br>Fund | Health<br>Fund    | Urban Mass<br>Transportation<br>Administration<br>Fund |
|---|-------------------------|--------------------------------------|---|----------------------------------|-------------------|--|
| <b>Revenues</b>   |                         |                                      |   |                                  |                   |  |
| <b>Taxes:</b>   |                         |                                      |   |                                  |                   |  |
| Ad valorem  | \$ 770,924              | \$ 780,453                           | \$1,929,703   | \$ 554,023                       | \$ 158,973        | \$ -   |
| Other taxes, penalties and<br>interest, etc.  | 691                     | 691                                  | 140,210   | 491                              | 141               | -  |
| Licenses and permits  | -                       | -                                    | -   | -                                | -                 | -  |
| Federal grants  | 527,920                 | 6,944                                | 117,755   | 4,742                            | -                 | 89,969   |
| <b>State funds:</b>   |                         |                                      |   |                                  |                   |  |
| Parish transportation funds   | 516,850                 | -                                    | -   | -                                | -                 | 88,027   |
| State revenue sharing   | 63,665                  | 63,665                               | 56,216  | 42,030                           | 5,435             | -  |
| Other state funds   | 1,709,649               | -                                    | -   | -                                | -                 | -  |
| Fees, charges, and commissions<br>for services  | 104,095                 | -                                    | 4,317   | 32,576                           | -                 | 93,269   |
| Fines and forfeitures   | -                       | -                                    | -   | -                                | -                 | -  |
| Use of money and property   | -                       | -                                    | -   | -                                | 2,356             | -  |
| Other government funds  | -                       | -                                    | -   | -                                | -                 | -  |
| Public grants   | -                       | -                                    | -   | -                                | -                 | -  |
| Other revenues  | 74,914                  | -                                    | 25,999  | 4,961                            | -                 | -  |
| <b>Total revenues</b>   | <u>3,768,708</u>        | <u>851,753</u>                       | <u>2,274,200</u>  | <u>638,823</u>                   | <u>166,905</u>    | <u>271,265</u>   |
| <b>Expenditures</b>   |                         |                                      |   |                                  |                   |  |
| <b>General government:</b>  |                         |                                      |   |                                  |                   |  |
| Legislative   | -                       | -                                    | -   | -                                | -                 | -  |
| Judicial  | -                       | -                                    | -   | -                                | -                 | -  |
| Finance and administrative  | -                       | -                                    | -   | -                                | -                 | -  |
| Other general government  | -                       | -                                    | -   | -                                | -                 | 451,546  |
| Public safety   | -                       | -                                    | 6,139,580   | -                                | -                 | -  |
| Public works  | 4,565,973               | 5,190,485                            | -   | -                                | -                 | -  |
| Health and welfare  | -                       | -                                    | -   | -                                | 109,705           | -  |
| Culture and recreation  | -                       | -                                    | -   | 1,159,134                        | -                 | -  |
| Capital outlay  | 229,102                 | -                                    | 47,154  | 27,196                           | -                 | 6,386  |
| <b>Total expenditures</b>   | <u>4,795,075</u>        | <u>5,190,485</u>                     | <u>6,186,734</u>  | <u>1,186,330</u>                 | <u>109,705</u>    | <u>457,932</u>   |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>  | <u>(1,026,367)</u>      | <u>(4,338,732)</u>                   | <u>(3,912,534)</u>  | <u>(547,507)</u>                 | <u>57,200</u>     | <u>(186,667)</u>                                       |
| <b>Other Financing Sources (Uses):</b>  |                         |                                      |   |                                  |                   |  |
| Operating transfers in  | 1,388,689               | 4,338,732                            | 3,912,534   | 550,946                          | -                 | -  |
| Operating transfers out   | (578,239)               | -                                    | -   | (3,439)                          | -                 | (86,066)   |
| <b>Total other financing<br/>sources (uses)</b>   | <u>810,450</u>          | <u>4,338,732</u>                     | <u>3,912,534</u>  | <u>547,507</u>                   | <u>-</u>          | <u>(86,066)</u>  |
| <b>Excess (Deficiency) of Revenues and<br/>Other Financing Sources Over<br/>Expenditures and Other<br/>Financing Uses</b> | <u>(215,917)</u>        | <u>-</u>                             | <u>-</u>  | <u>-</u>                         | <u>57,200</u>     | <u>(272,733)</u>                                       |
| <b>Fund Balance</b>   |                         |                                      |   |                                  |                   |  |
| Beginning of year   | 215,917                 | -                                    | -   | -                                | 173,756           | 272,733  |
| End of year   | <u>\$ -</u>             | <u>\$ -</u>                          | <u>\$ -</u>   | <u>\$ -</u>                      | <u>\$ 230,956</u> | <u>\$ -</u>  |

(Continued)

| Workforce<br>Investment<br>Act Fund | Housing<br>Rent<br>Subsidy<br>Fund | Housing<br>Voucher<br>Program<br>Fund | Judicial<br>Court<br>Reporter<br>Fund | Criminal<br>Court<br>Fund | Contingency<br>Criminal<br>Court "A"<br>Fund | District<br>Attorney<br>General<br>Fund | Environmental<br>Mitigation<br>Fund | Deputy<br>Witness<br>Fee<br>Fund |
|-------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|---------------------------|--|---|-------------------------------------|----------------------------------|
| \$ -                                | \$ -                               | \$ -                                  | \$ -                                  | \$ -                      | \$ -   | \$ -                                    | \$ -                                | \$ -                             |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| 2,534,194                           | -                                  | 1,180,928                             | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | 43,717                                | 10,485                    | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | 322,951                   | -  | -                                       | -                                   | 76,181                           |
| 1,124                               | 644                                | 4,756                                 | -                                     | 11,778                    | -  | -                                       | 152                                 | 114                              |
| -                                   | -                                  | 103,124                               | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| 75,518                              | -                                  | -                                     | -                                     | -                         | 21,077                                       | -                                       | -                                   | -                                |
| <u>2,610,836</u>                    | <u>644</u>                         | <u>1,288,808</u>                      | <u>43,717</u>                         | <u>345,214</u>            | <u>21,077</u>                                | <u>-</u>                                | <u>152</u>                          | <u>76,295</u>                    |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | 283,483                               | 92,449                    | 32,461                                       | 599,395                                 | -                                   | 98,662                           |
| 2,612,720                           | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | 71                                 | 1,268,557                             | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | -                                       | -                                   | -                                |
| -                                   | -                                  | -                                     | -                                     | -                         | -  | 1,290                                   | -                                   | -                                |
| <u>2,612,720</u>                    | <u>71</u>                          | <u>1,268,557</u>                      | <u>283,483</u>                        | <u>92,449</u>             | <u>32,461</u>                                | <u>600,685</u>                          | <u>-</u>                            | <u>98,662</u>                    |
| (1,884)                             | 573                                | 20,251                                | (239,766)                             | 252,765                   | (11,384)                                     | (600,685)                               | 152                                 | (22,367)                         |
| -                                   | -                                  | -                                     | 239,766                               | -                         | 11,466                                       | 600,685                                 | -                                   | 17,017                           |
| -                                   | (188,345)                          | (20,251)                              | -                                     | (237,371)                 | (82)   | -                                       | -                                   | -                                |
| -                                   | (188,345)                          | (20,251)                              | 239,766                               | (237,371)                 | 11,384                                       | 600,685                                 | -                                   | 17,017                           |
| (1,884)                             | (187,772)                          | -                                     | -                                     | 15,394                    | -  | -                                       | 152                                 | (5,350)                          |
| 4,844                               | 187,772                            | -                                     | -                                     | 21,976                    | -  | -                                       | 7,156                               | 8,221                            |
| <u>\$ 2,960</u>                     | <u>\$ -</u>                        | <u>\$ -</u>                           | <u>\$ -</u>                           | <u>\$ 37,370</u>          | <u>\$ -</u>                                  | <u>\$ -</u>                             | <u>\$ 7,308</u>                     | <u>\$ 2,871</u>                  |

COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICIT)-  
SPECIAL REVENUE FUNDS (CONTINUED)

St. Bernard Parish Government

For the Year Ended December 31, 2002

|   | Library<br>Fund    | Road<br>Lighting<br>District<br>No. 1<br>Fund | Human<br>Resources<br>Fund | Civic<br>Auditorium<br>Fund | Communications<br>Fund |
|---|--------------------|---|----------------------------|-----------------------------|------------------------|
| <b>Revenues</b>   |                    |   |                            |                             |                        |
| <b>Taxes:</b>   |                    |   |                            |                             |                        |
| Ad valorem  | \$ 945,914         | \$309,777                                     | \$ -                       | \$ -                        | \$ -                   |
| Other taxes, penalties and<br>interest, etc.  | -                  | 275   | -                          | -                           | 344,418                |
| Licenses and permits  | -                  | -   | -                          | -                           | -                      |
| Federal grants  | -                  | -   | 157,756                    | -                           | -                      |
| <b>State funds:</b>   |                    |   |                            |                             |                        |
| Parish transportation funds   | -                  | -   | -                          | -                           | -                      |
| State revenue sharing   | 78,632             | 25,267  | -                          | -                           | -                      |
| Other state funds   | 22,489             | -   | -                          | -                           | -                      |
| <b>Fees, charges, and commissions<br/>for services</b>  | 10,978             | -   | -                          | 251,677                     | -                      |
| Fines and forfeitures   | 16,919             | -   | -                          | -                           | -                      |
| Use of money and property   | 117,701            | -   | -                          | -                           | 11,184                 |
| Other government funds  | -                  | -   | -                          | -                           | -                      |
| Public grants   | 11,702             | -   | -                          | -                           | -                      |
| Other revenues  | 20,666             | -   | -                          | 400                         | 2,000                  |
| <b>Total revenues</b>   | <u>1,225,001</u>   | <u>335,319</u>                                | <u>157,756</u>             | <u>252,077</u>              | <u>357,602</u>         |
| <b>Expenditures</b>   |                    |   |                            |                             |                        |
| <b>General government:</b>  |                    |   |                            |                             |                        |
| Legislative   | -                  | -   | -                          | -                           | -                      |
| Judicial  | -                  | -   | -                          | -                           | -                      |
| Finance and administrative  | -                  | -   | -                          | -                           | -                      |
| Other general government  | -                  | -   | -                          | -                           | 159,890                |
| Public safety   | -                  | -   | -                          | -                           | -                      |
| Public works  | -                  | 555,498                                       | -                          | -                           | -                      |
| Health and welfare  | -                  | -   | 178,845                    | -                           | -                      |
| Culture and recreation  | 445,118            | -   | -                          | 486,421                     | -                      |
| Capital outlay  | 154,664            | -   | 31,415                     | 16,692                      | 1,403                  |
| <b>Total expenditures</b>   | <u>599,782</u>     | <u>555,498</u>                                | <u>210,260</u>             | <u>503,113</u>              | <u>161,293</u>         |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>  | <u>625,219</u>     | <u>(220,179)</u>                              | <u>(52,504)</u>            | <u>(251,036)</u>            | <u>196,309</u>         |
| <b>Other Financing Sources (Uses):</b>  |                    |   |                            |                             |                        |
| Operating transfers in  | -                  | 258,639                                       | -                          | 251,036                     | -                      |
| Operating transfers out   | -                  | (38,460)                                      | (128,553)                  | -                           | -                      |
| <b>Total other financing<br/>sources (uses)</b>   | <u>-</u>           | <u>220,179</u>                                | <u>(128,553)</u>           | <u>251,036</u>              | <u>-</u>               |
| <b>Excess (Deficiency) of Revenues and<br/>Other Financing Sources Over<br/>Expenditures and Other<br/>Financing Uses</b> | <u>625,219</u>     | <u>-</u>                                      | <u>(181,057)</u>           | <u>-</u>                    | <u>196,309</u>         |
| <b>Fund Balance</b>   |                    |   |                            |                             |                        |
| Beginning of year   | 2,996,012          | -   | 181,057                    | -                           | 450,159                |
| End of year   | <u>\$3,621,231</u> | <u>\$ -</u>                                   | <u>\$ -</u>                | <u>\$ -</u>                 | <u>\$ 646,468</u>      |



| Community Development Fund | Council on Aging Fund | Weatherization Fund | Low Income Home Energy Assistance Program Fund | Day Care Fund   | Federal Emergency Management Assistance Fund | Total               |
|----------------------------|-----------------------|---------------------|--|-----------------|--|---------------------|
| \$ -                       | \$239,871             | \$ -                | \$ -   | \$ -            | \$ -   | \$ 5,689,638        |
| -                          | 213                   | -                   | -  | -               | -  | 487,130             |
| 354,218                    | -                     | -                   | -  | -               | -  | 354,218             |
| 21,616                     | -                     | 3,950               | 531,550  | 170,673         | 30,675                                       | 5,378,672           |
| -                          | -                     | -                   | -  | -               | -  | 604,877             |
| -                          | -                     | -                   | -  | -               | -  | 334,910             |
| 60,885                     | -                     | -                   | -  | -               | -  | 1,793,023           |
| 63,097                     | -                     | -                   | -  | -               | -  | 614,211             |
| -                          | -                     | -                   | -  | -               | -  | 416,051             |
| -                          | -                     | 189                 | 269  | 835             | 159  | 151,261             |
| -                          | -                     | -                   | -  | -               | -  | 103,124             |
| -                          | -                     | -                   | -  | -               | -  | 11,702              |
| 63,832                     | -                     | -                   | -  | -               | -  | 289,367             |
| <u>563,648</u>             | <u>240,084</u>        | <u>4,139</u>        | <u>531,819</u>                                 | <u>171,508</u>  | <u>30,834</u>                                | <u>16,228,184</u>   |
| -                          | -                     | -                   | -  | -               | -  | -                   |
| -                          | -                     | -                   | -  | -               | -  | 1,106,450           |
| -                          | -                     | -                   | -  | -               | -  | -                   |
| -                          | -                     | -                   | -  | -               | -  | 3,064,266           |
| -                          | -                     | -                   | -  | -               | -  | 6,299,470           |
| -                          | -                     | -                   | -  | -               | -  | 10,311,956          |
| 959,940                    | 274,251               | 9,521               | 452,200  | 166,636         | 30,555                                       | 3,450,281           |
| -                          | -                     | -                   | -  | -               | -  | 2,090,673           |
| 28,906                     | -                     | -                   | -  | -               | -  | 544,208             |
| <u>988,846</u>             | <u>274,251</u>        | <u>9,521</u>        | <u>452,200</u>                                 | <u>166,636</u>  | <u>30,555</u>                                | <u>26,867,304</u>   |
| <u>(425,198)</u>           | <u>(34,167)</u>       | <u>(5,382)</u>      | <u>79,619</u>                                  | <u>4,872</u>    | <u>279</u>                                   | <u>(10,639,120)</u> |
| 425,198                    | -                     | 1,785               | -  | -               | -  | 11,996,493          |
| -                          | (119,750)             | -                   | -  | -               | -  | (1,400,556)         |
| <u>425,198</u>             | <u>(119,750)</u>      | <u>1,785</u>        | <u>-</u>                                       | <u>-</u>        | <u>-</u>                                     | <u>10,595,937</u>   |
| -                          | (153,917)             | (3,597)             | 79,619   | 4,872           | 279  | (43,183)            |
| -                          | 153,917               | 3,597               | -  | 6,795           | -  | 4,683,912           |
| <u>\$ -</u>                | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$79,619</u>                                | <u>\$11,667</u> | <u>\$ 279</u>                                | <u>\$ 4,640,729</u> |

See auditor's report.

## **DEBT SERVICE FUNDS**

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

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

The Public Improvement Bonds Series A, B, C Fund was used to accumulate monies for the payment of bonds dated June 1, 1965. At December 31, 1999, all obligations of the A, B, C Fund had been paid. The fund balance at December 31, 2002 of \$242,487 will be used to fund an auditorium project in the future.

### **Public Improvement Bonds Series 1977 and 1999 Fund**

The Public Improvement Bonds Series 1977 and 1999 Fund is used to accumulate monies for the payment of bonds dated June 1, 1977 and March 3, 1999. The 1977 bonds were used for the purpose of paying all or any part of the cost of public works, buildings, improvements, and facilities in the parish. The 1999 bonds were used to defease \$1,353,000 of the previously issued 1977 bonds. There is no requirement for an accompanying bond reserve fund. The bonds are secured by the proceeds of a special ½% sales and use tax.

### **Public Improvement Bonds Series 1996 Fund**

The Public Improvement Bond Series 1996 Fund is used to accumulate monies for the payment of bonds dated April 9, 1996, which were issued to defease 1986 series public improvement bond issue. The bonds are secured from the proceeds of two separate special one-half of 1 percent sales and use taxes effective November 1, 1965 and October 1, 1969.

### **Bond Reserve 1977 Fund**

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

### **Bond Reserve 1996 Fund**

The Bond Reserve 1996 Fund was established to comply with the bond resolutions of the Public Improvement Bonds Series 1996. This fund is used to account for a \$274,000 reserve as required by the 1996 issue. At December 31, 2002, there was an excess of \$132,626 in the fund.

## **DEBT SERVICES FUNDS (CONTINUED)**

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

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

### **Versailles Industries Park Sinking Fund**

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

**COMBINING BALANCE SHEET -  
DEBT SERVICE FUNDS**

**St. Bernard Parish Government**

December 31, 2002

|                                      | Public Improvement Bond Funds |                  |        | Bond         |
|--------------------------------------|-------------------------------|------------------|--------|--------------|
|                                      | Series                        | Series           | Series | Reserve      |
|                                      | A, B, C                       | 1977 and<br>1999 | 1996   | 1977<br>Fund |
| <b>Assets</b>                        |                               |                  |        |              |
| Cash                                 | \$ 242,487                    | \$ 215,599       | \$ -   | \$ 634       |
| Receivables - net                    | -                             | -                | -      | -            |
| Special assessments:                 |                               |                  |        |              |
| Deferred                             | -                             | -                | -      | -            |
| Total assets                         | \$ 242,487                    | \$ 215,599       | \$ -   | \$ 634       |
| <br><b>Liabilities</b>               |                               |                  |        |              |
| Other liabilities                    | \$ -                          | \$ -             | \$ -   | \$ -         |
| Deferred revenue                     | -                             | -                | -      | -            |
| Total liabilities                    | -                             | -                | -      | -            |
| <br><b>Fund Equity</b>               |                               |                  |        |              |
| Fund balances:                       |                               |                  |        |              |
| Reserved for debt service            | -                             | 215,599          | -      | -            |
| Unreserved - undesignated            | 242,487                       | -                | -      | 634          |
| Total fund equity                    | 242,487                       | 215,599          | -      | 634          |
| Total liabilities and<br>fund equity | \$ 242,487                    | \$ 215,599       | \$ -   | \$ 634       |

See auditor's report.

| Bond<br>Reserve<br>1996<br>Fund | 1990 and<br>1997<br>General<br>Obligation<br>Bond Fund | Versailles<br>Industrial<br>Park<br>Sinking<br>Fund | Total               |
|---------------------------------|--|---|---------------------|
| \$ 406,626                      | \$ 733,795   | \$ -  | \$ 1,599,141        |
| -                               | 543,475  | 9,153   | 552,628             |
| -                               | -  | 160,152   | 160,152             |
| <u>\$ 406,626</u>               | <u>\$ 1,277,270</u>                                    | <u>\$ 169,305</u>                                   | <u>\$ 2,311,921</u> |
| \$ -                            | \$ -   | \$ 8,439  | \$ 8,439            |
| -                               | -  | 160,152   | 160,152             |
| -                               | -  | 168,591   | 168,591             |
| 406,626                         | 1,277,270  | 714   | 1,900,209           |
| -                               | -  | -   | 243,121             |
| <u>406,626</u>                  | <u>1,277,270</u>                                       | <u>714</u>  | <u>2,143,330</u>    |
| <u>\$ 406,626</u>               | <u>\$ 1,277,270</u>                                    | <u>\$ 169,305</u>                                   | <u>\$ 2,311,921</u> |

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|   | Public Improvement Bond Funds |                            |                | Bond<br>Reserve<br>1977<br>Fund |
|---|-------------------------------|----------------------------|----------------|---------------------------------|
|   | Series<br>A, B, C             | Series<br>1977 and<br>1999 | Series<br>1996 |                                 |
| <b>Revenues</b>   |                               |                            |                |                                 |
| Taxes - ad valorem  | \$ -                          | \$ -                       | \$ -           | \$ -                            |
| Other taxes, penalties<br>and interest, etc.  | -                             | -                          | -              | -                               |
| Use of money and property   | 5,051                         | 2,760                      | 251            | 634                             |
| Special assessments   | -                             | -                          | -              | -                               |
| <b>Total revenues</b>   | 5,051                         | 2,760                      | 251            | 634                             |
| <b>Expenditures</b>   |                               |                            |                |                                 |
| General government:   |                               |                            |                |                                 |
| Finance and administrative  | -                             | 450                        | 9,021          | -                               |
| Debt service:   |                               |                            |                |                                 |
| Principal retirement  | -                             | 433,000                    | 280,000        | -                               |
| Interest and service charges  | -                             | 9,269                      | 70,550         | -                               |
| <b>Total expenditures</b>   | -                             | 442,719                    | 359,571        | -                               |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>  | 5,051                         | (439,959)                  | (359,320)      | 634                             |
| <b>Other Financing Sources (Uses)</b>   |                               |                            |                |                                 |
| Operating transfers in  | -                             | 204,329                    | 488,231        | -                               |
| <b>Total other financing<br/>sources (uses)</b>   | -                             | 204,329                    | 488,231        | -                               |
| <b>Excess (Deficiency) of Revenues<br/>and Other Financing Sources<br/>Over Expenditures and<br/>Other Financing Uses</b> | 5,051                         | (235,630)                  | 128,911        | 634                             |
| <b>Fund Balances</b>  |                               |                            |                |                                 |
| Beginning of year   | 237,436                       | 451,229                    | (128,911)      | -                               |
| End of year   | \$ 242,487                    | \$215,599                  | \$ -           | \$ 634                          |

See auditor's report.



| Bond<br>Reserve<br>1996<br>Fund | 1990 and<br>1997<br>General<br>Obligation<br>Bond Fund | Versailles<br>Industrial<br>Park<br>Sinking<br>Fund | Total               |
|---------------------------------|--|---|---------------------|
| \$ -                            | \$ 600,172   | \$ -  | \$ 600,172          |
| -                               | 533  | -   | 533                 |
| 8,470                           | 14,217   | 2,810   | 34,193              |
| -                               | -  | 31,607  | 31,607              |
| <u>8,470</u>                    | <u>614,922</u>   | <u>34,417</u>                                       | <u>666,505</u>      |
| -                               | 28,780   | -   | 38,251              |
| -                               | 335,000  | 38,172  | 1,086,172           |
| -                               | 176,095  | 9,984   | 265,898             |
| <u>-</u>                        | <u>539,875</u>   | <u>48,156</u>                                       | <u>1,390,321</u>    |
| <u>8,470</u>                    | <u>75,047</u>  | <u>(13,739)</u>                                     | <u>(723,816)</u>    |
| <u>-</u>                        | <u>-</u>   | <u>-</u>  | <u>692,560</u>      |
| <u>-</u>                        | <u>-</u>   | <u>-</u>  | <u>692,560</u>      |
| 8,470                           | 75,047   | (13,739)  | (31,256)            |
| <u>398,156</u>                  | <u>1,202,223</u>                                       | <u>14,453</u>                                       | <u>2,174,586</u>    |
| <u>\$406,626</u>                | <u>\$ 1,277,270</u>                                    | <u>\$ 714</u>                                       | <u>\$ 2,143,330</u> |

## **CAPITAL PROJECTS FUNDS**

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

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

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

### **2003 Sales Tax Bond Fund**

The 2003 Sales Tax Bond Fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

### **Drainage and Siphon Fund**

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

### **Courthouse Capital Fund**

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

### **Islenos Multipurpose Building Fund**

The Islenos Multipurpose Building Fund is used to account and pay for the costs associated with construction of the Islenos Multipurpose Building. The source of funding for the construction is from state grants. As of December 31, 2001, the construction of the building has been completed.

### **911 Communications Construction Fund**

The 911 Communications Construction Fund is used to account for construction costs associated with a new 911 communications center.

### **1990 General Obligation Bond Fund**

The 1990 General Obligation Bond Fund was used to account for the construction of a jail and juvenile detention facility and the acquisition of any necessary equipment and furnishings associated with the facility.

## **CAPITAL PROJECTS FUNDS (CONTINUED)**

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

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

### **Road District 1 Project Bond Fund**

The Road District 1 Project Fund is used to account for the costs of acquiring equipment to be used for constructing, improving, and maintaining public roads and highways.

### **Capital Projects Fund**

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

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

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

### **Urban System Roadway Reconstruction Fund**

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

**COMBINING BALANCE SHEET -  
CAPITAL PROJECT FUNDS**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Public<br>Improvement<br>Bond Series<br>D, E, F, G<br>Fund | 2003<br>Sales Tax<br>Bonds | Drainage<br>and<br>Siphon<br>Fund | Courthouse<br>Capital<br>Fund | Islenos<br>Multipurpose<br>Building<br>Fund | 911<br>Communications<br>Construction<br>Fund |
|--|--|----------------------------|-----------------------------------|-------------------------------|---|---|
| <b>Assets</b>                                |  |                            |                                   |                               |   |   |
| Cash   | \$ 50,383  | \$ 69,714                  | \$176,626                         | \$ 1,189,673                  | \$ -  | \$ 505,021                                    |
| Other receivables                            | -  | -                          | -                                 | -                             | -   | -   |
| <b>Total assets</b>                          | <u>\$ 50,383</u>   | <u>\$ 69,714</u>           | <u>\$176,626</u>                  | <u>\$ 1,189,673</u>           | <u>\$ -</u>                                 | <u>\$ 505,021</u>                             |
| <b>Liabilities</b>                           |  |                            |                                   |                               |   |   |
| Accounts payable                             | \$ -   | \$ -                       | \$ -                              | \$ -                          | \$ -  | \$ -  |
| Retainage payable                            | -  | -                          | -                                 | -                             | -   | -   |
| Deferred revenue                             | -  | 69,700                     | -                                 | -                             | -   | -   |
| Other liabilities                            | -  | -                          | -                                 | -                             | -   | -   |
| <b>Total liabilities</b>                     | -  | <u>69,700</u>              | -                                 | -                             | -   | -   |
| <b>Fund Equity</b>                           |  |                            |                                   |                               |   |   |
| Fund balances:                               |  |                            |                                   |                               |   |   |
| Reserved for contracts                       | -  | 14                         | -                                 | -                             | -   | -   |
| Unreserved                                   | 50,383   | -                          | 176,626                           | 1,189,673                     | -   | 505,021                                       |
| <b>Total fund equity</b>                     | <u>50,383</u>  | <u>14</u>                  | <u>176,626</u>                    | <u>1,189,673</u>              | <u>-</u>                                    | <u>505,021</u>                                |
| <b>Total liabilities and<br/>fund equity</b> | <u>\$ 50,383</u>   | <u>\$ 69,714</u>           | <u>\$176,626</u>                  | <u>\$ 1,189,673</u>           | <u>\$ -</u>                                 | <u>\$ 505,021</u>                             |

See auditor's report.

| <u>1990<br/>General<br/>Obligation Bond<br/>Fund</u> | <u>Fire<br/>District 1-2<br/>C.I. Series<br/>Bond Fund</u> | <u>Road<br/>District 1<br/>Project<br/>Bond Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Drainage<br/>Construction<br/>Bonds of<br/>1967 and<br/>1982 Fund</u> | <u>Urban<br/>System<br/>Roadway<br/>Reconstruction<br/>Fund</u> | <u>Total</u>        |
|--|--|--|--------------------------------------|--|---|---------------------|
| \$ -   | \$ 4,747   | \$ 14,909  | \$ -                                 | \$ 93,731  | \$ 60,617   | \$ 2,165,421        |
| -  | -  | -  | 36,341                               | -  | 485,933   | 522,274             |
| <u>\$ -</u>  | <u>\$ 4,747</u>  | <u>\$ 14,909</u>                                     | <u>\$ 36,341</u>                     | <u>\$ 93,731</u>   | <u>\$ 546,550</u>   | <u>\$ 2,687,695</u> |
| \$ -   | \$ -   | \$ -   | \$ 930,445                           | \$ -   | \$ 541,990  | \$ 1,472,435        |
| -  | -  | -  | 64,021                               | -  | 4,560   | 68,581              |
| -  | -  | -  | -                                    | -  | -   | 69,700              |
| -  | -  | -  | 1,125,401                            | -  | -   | 1,125,401           |
| -  | -  | -  | 2,119,867                            | -  | 546,550   | 2,736,117           |
| -  | -  | -  | -                                    | -  | -   | 14                  |
| -  | 4,747  | 14,909   | (2,083,526)                          | 93,731   | -   | (48,436)            |
| -  | 4,747  | 14,909   | (2,083,526)                          | 93,731   | -   | (48,422)            |
| <u>\$ -</u>  | <u>\$ 4,747</u>  | <u>\$ 14,909</u>                                     | <u>\$ 36,341</u>                     | <u>\$ 93,731</u>   | <u>\$ 546,550</u>   | <u>\$ 2,687,695</u> |

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Public<br>Improvement<br>Bond Series<br>D, E, F, G<br>Fund | 2003<br>Sales Tax<br>Bonds | Drainage<br>and<br>Siphon<br>Fund | Courthouse<br>Capital<br>Fund | Islenos<br>Multipurpose<br>Building<br>Fund | 911<br>Communications<br>Construction<br>Fund | 1990<br>General<br>Obligation Bond<br>Fund |
|--|--|----------------------------|-----------------------------------|-------------------------------|---|---|--|
| <b>Revenues</b>  |  |                            |                                   |                               |   |   |  |
| Federal grants   | \$ -   | \$ -                       | \$ -                              | \$ -                          | \$ -  | \$ -  | \$ -                                       |
| Other state funds  | -  | -                          | -                                 | -                             | -   | -   | -  |
| Use of money and property  | 1,049  | 24                         | 3,679                             | 13,324                        | -   | 5,021   | -  |
| <b>Total revenues</b>  | <u>1,049</u>   | <u>24</u>                  | <u>3,679</u>                      | <u>13,324</u>                 | <u>-</u>                                    | <u>5,021</u>                                  | <u>-</u>                                   |
| <b>Expenditures</b>  |  |                            |                                   |                               |   |   |  |
| Public works   | -  | -                          | -                                 | -                             | 713   | -   | 361  |
| Capital outlay   | -  | -                          | -                                 | -                             | -   | -   | -  |
| Debt service:  |  |                            |                                   |                               |   |   |  |
| Interest and service charges   | -  | 10                         | -                                 | -                             | -   | -   | -  |
| <b>Total expenditures</b>  | <u>-</u>   | <u>10</u>                  | <u>-</u>                          | <u>-</u>                      | <u>713</u>                                  | <u>-</u>                                      | <u>361</u>                                 |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b>                                 | <u>1,049</u>   | <u>14</u>                  | <u>3,679</u>                      | <u>13,324</u>                 | <u>(713)</u>                                | <u>5,021</u>                                  | <u>(361)</u>                               |
| <b>Other Financing Sources</b>   |  |                            |                                   |                               |   |   |  |
| Operating transfers in   | -  | -                          | -                                 | 200,000                       | 34,250                                      | -   | 361  |
| Bond proceeds  | -  | -                          | -                                 | -                             | -   | 500,000                                       | -  |
| <b>Total other financing sources</b>   | <u>-</u>   | <u>14</u>                  | <u>-</u>                          | <u>200,000</u>                | <u>34,250</u>                               | <u>500,000</u>                                | <u>361</u>                                 |
| <b>Excess (Deficiency) of Revenues<br/>and Other Financing Sources<br/>Over Expenditures</b> | <u>1,049</u>   | <u>14</u>                  | <u>3,679</u>                      | <u>213,324</u>                | <u>33,537</u>                               | <u>505,021</u>                                | <u>-</u>                                   |
| <b>Fund Balance</b>  |  |                            |                                   |                               |   |   |  |
| Beginning of year  | 49,334   | -                          | 172,947                           | 976,349                       | (33,537)                                    | -   | -  |
| <b>End of year</b>   | <u>\$ 50,383</u>   | <u>\$ 14</u>               | <u>\$ 176,626</u>                 | <u>\$ 1,189,673</u>           | <u>\$ -</u>                                 | <u>\$ 505,021</u>                             | <u>\$ -</u>                                |

See auditor's report.



| Fire<br>District 1-2<br>C.I. Series<br>Bond Fund | Road<br>District 1<br>Project<br>Bond Fund | Capital<br>Projects<br>Fund | Drainage<br>Construction<br>Bonds of<br>1967 and<br>1982 Fund | Urban<br>System<br>Roadway<br>Reconstruction<br>Fund | Total        |
|--|--|-----------------------------|---|--|--------------|
| \$ -   | \$ -                                       | \$ 199,306                  | \$ -  | \$ 979,168   | \$ 1,178,474 |
| -  | -  | 118,533                     | -   | -  | 118,533      |
| 99   | 311  | -                           | 1,953   | -  | 25,460       |
| 99   | 311  | 317,839                     | 1,953   | 979,168  | 1,322,467    |
| -  | -  | 1,457,370                   | -   | 1,261,153  | 2,719,597    |
| -  | -  | 4,396                       | -   | -  | 4,396        |
| -  | -  | -                           | -   | -  | 10           |
| -  | -  | 1,461,766                   | -   | 1,261,153  | 2,724,003    |
| 99   | 311  | (1,143,927)                 | 1,953   | (281,985)  | (1,401,536)  |
| -  | -  | -                           | -   | 290,260  | 524,871      |
| -  | -  | -                           | -   | -  | 500,000      |
| -  | -  | -                           | -   | 290,260  | 1,024,871    |
| 99   | 311  | (1,143,927)                 | 1,953   | 8,275  | (376,665)    |
| 4,648  | 14,598                                     | (939,599)                   | 91,778  | (8,275)  | 328,243      |
| \$ 4,747   | \$ 14,909                                  | \$ (2,083,526)              | \$ 93,731   | \$ -   | \$ (48,422)  |

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

**St. Bernard Parish Government**

For the Year Ended December 31, 2002

|   | <u>Date<br/>Of Issue</u> | <u>Original<br/>Issue</u> | <u>Long-term<br/>Outstanding<br/>Balance<br/>January 1, 2002</u> |
|---|--------------------------|---------------------------|--|
| <b>Governmental Fund Bonds</b>                        |                          |                           |  |
| Certificates of indebtedness                          |                          |                           |  |
| Series 2002   | June 3, 2002             | \$ 500,000                | \$ -   |
| Public improvements:                                  |                          |                           |  |
| Series ST - 1996                                      | April 9, 1996            | 2,740,000                 | 1,575,000  |
| Series ST - 1999                                      | March 3, 1999            | 1,353,000                 | 433,000  |
| Special assessment:                                   |                          |                           |  |
| Versailles Industrial<br>Park Project                 | October 24, 1997         | 381,721                   | 190,861  |
| General obligation:                                   |                          |                           |  |
| Reimbursement Obligation<br>to the State of Louisiana | June 15, 1982            | 60,000                    | 6,411  |
| Series 1997   | December 1, 1997         | <u>4,335,000</u>          | <u>3,860,000</u>   |
| Total Governmental Funds                              |                          | <u>\$ 9,369,721</u>       | <u>\$ 6,065,272</u>  |

(continued)

| <u>Additions</u>  | <u>Redemptions</u>  | <u>Long-Term<br/>Outstanding<br/>Balance<br/>December 31,<br/>2002</u> | <u>Maturities<br/>Outstanding<br/>December 31,<br/>2002</u> | <u>Interest Rate</u> |
|-------------------|---------------------|--|---|----------------------|
| \$ 500,000        | \$ -                | \$ 500,000   | 2003 - 2007   | 3.98                 |
| -                 | 280,000             | 1,295,000  | 2003 - 2006   | 4.70 - 5.00          |
| -                 | 433,000             | -  |   |                      |
| -                 | 38,172              | 152,689  | 2003 - 2006   | 5.23                 |
| -                 | 6,411               | -  |   |                      |
| -                 | 335,000             | 3,525,000  | 2003 - 2010   | 4.75                 |
| <u>\$ 500,000</u> | <u>\$ 1,092,583</u> | <u>\$ 5,472,689</u>  |   |                      |

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

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Date<br>Of Issue  | Original<br>Issue | Long-term<br>Outstanding<br>Balance<br>January 1, 2002 |
|--|-------------------|-------------------|--|
| <b>Enterprise Funds</b>                                |                   |                   |  |
| Sewer Division   |                   |                   |  |
| Revenue bonds  | April 1, 1994     | \$ 7,950,000      | \$ 4,275,000   |
| Sales tax bonds  | December 1, 1999  | 9,950,000         | 9,380,000  |
| Revenue bonds  | July 31, 2001     | 950,000           | 950,000  |
| Sewer District No. 1                                   |                   |                   |  |
| General obligations bonds                              | September 1, 1991 | 675,000           | 175,000  |
| Sewer District No. 2:                                  |                   |                   |  |
| General obligations bonds                              | September 1, 1991 | 3,295,000         | 1,025,000  |
| Total Sewer Division                                   |                   | 22,820,000        | 15,805,000   |
| Home Mortgage Authority:                               |                   |                   |  |
| Single Family Revenue Bonds -<br>1992 Program Series C |                   | 607,505           | 1,107,595  |
| Single Family Refunding Bonds -<br>1991 Program        |                   | 4,435,000         | 564,557  |
| 1992 Program Series B-1                                |                   | 1,819,653         | 236,414  |
| 1992 Program Series B-2                                |                   | 29,218            | 60,288   |
|  |                   | 6,891,376         | 1,968,854  |
| Total Home Mortgage Authority                          |                   | \$ 29,711,376     | \$ 17,773,854  |

See auditor's report.

| <u>Additions</u> | <u>Redemptions</u>  | <u>Outstanding<br/>Balance<br/>December 31,<br/>2002</u> | <u>Maturities<br/>Outstanding<br/>December 31,<br/>2002</u> | <u>Interest Rate</u> |
|------------------|---------------------|--|---|----------------------|
| \$ -             | \$ 775,000          | \$ 3,500,000   | 2003 - 2006   | 4.80 - 5.20          |
| -                | 310,000             | 9,070,000  | 2003 - 2019   | 5.35                 |
| -                | 65,000              | 885,000  | 2003 - 2011   | 4.89                 |
| -                | 85,000              | 90,000   | 2003  | 6.50                 |
| <u>-</u>         | <u>340,000</u>      | <u>685,000</u>   | 2003 - 2005   | 6.50 - 6.65          |
| <u>-</u>         | <u>1,575,000</u>    | <u>14,230,000</u>  |   |                      |
| 86,353           | -                   | 1,193,948  | 2002 - 2014   | 7.65                 |
| -                | 207,680             | 356,877  | 2002 - 2012   | 8.00                 |
| -                | 113,221             | 123,193  | 2002 - 2011   | 7.84                 |
| <u>5,643</u>     | <u>-</u>            | <u>65,931</u>  | 2002 - 2014   | 9.25                 |
| <u>91,996</u>    | <u>320,901</u>      | <u>1,739,949</u>   |   |                      |
| <u>\$ 91,996</u> | <u>\$ 1,895,901</u> | <u>\$15,969,949</u>                                      |   |                      |

## **OTHER SUPPLEMENTARY INFORMATION SECTION**



**COMPENSATION PAID PARISH COUNCIL MEMBERS**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|                                 |                  |
|---------------------------------|------------------|
| Clay A. Cossé, Council Chairman | \$ 8,400         |
| Henry J. Rodriguez, Jr.         | 7,200            |
| Curtis B. Pitre                 | 7,200            |
| Joseph S. DiFatta, Jr.          | 7,200            |
| Joseph L. Gallodoro             | 7,200            |
| Tony R. Melerine                | 7,200            |
| Michael Bayham                  | <u>7,200</u>     |
| Total                           | <u>\$ 51,600</u> |

The schedule of compensation paid to Parish council members was prepared in compliance with Home Rule Charter, Section 2-05 Compensation. According to the Charter, the compensation of the first council members elected under this charter shall be \$7,200 per annum. The chairman of the council will receive \$1,200 per annum in addition to the regular annual compensation. The salary of the President of the Parish government shall be \$70,000 per annum.

**UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC  
HOUSING AUTHORITIES - FINANCIAL DATA SCHEDULES**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|  | Section 8<br>Rental<br>Voucher<br>14,871 | Account<br>Group<br>General<br>Fixed<br>Assets | Total<br>(Memorandum<br>Only) |
|--|--|--|-------------------------------|
| <b>ASSETS</b>  |  |  |                               |
| <b>Current</b>                                       |  |  |                               |
| Cash:  |  |  |                               |
| Cash - unrestricted                                  | \$ 35,713                                | \$ -   | \$ 35,713                     |
| Prepaid Expenses:                                    |  |  |                               |
| Prepaid Expenses                                     | <u>320</u>                               | <u>-</u>                                       | <u>320</u>                    |
| Total current assets                                 | <u>36,033</u>                            | <u>-</u>                                       | <u>36,033</u>                 |
| <b>Noncurrent assets</b>                             |  |  |                               |
| Fixed Assets:  |  |  |                               |
| Furniture, equipment & machinery -<br>administration | <u>-</u>                                 | <u>21,813</u>                                  | <u>21,813</u>                 |
| Total assets   | <u>\$ 36,033</u>                         | <u>\$ 21,813</u>                               | <u>\$ 57,846</u>              |
| <b>LIABILITIES</b>                                   |  |  |                               |
| <b>Current</b>                                       |  |  |                               |
| Accounts payable - HUD PHA Program                   | <u>\$ 36,033</u>                         | <u>\$ -</u>                                    | <u>\$ 36,033</u>              |
| Total current liabilities                            | <u>36,033</u>                            | <u>-</u>                                       | <u>36,033</u>                 |
| <b>EQUITY</b>  |  |  |                               |
| Investment in general fixed assets                   | <u>-</u>                                 | <u>21,813</u>                                  | <u>21,813</u>                 |
| Undesignated fund balance (deficit)                  | <u>-</u>                                 | <u>-</u>                                       | <u>-</u>                      |
| Total equity   | <u>-</u>                                 | <u>21,813</u>                                  | <u>21,813</u>                 |
| Total liabilities and equity                         | <u>\$ 36,033</u>                         | <u>\$ 21,813</u>                               | <u>\$ 57,846</u>              |

See auditor's report.

**UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC  
HOUSING AUTHORITIES - FINANCIAL DATA SCHEDULES**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

|   |   |
|---|---|
|   | Section 8<br>Rental<br>Voucher<br><u>14,871</u> |
| <b>Revenues</b>   |   |
| HUD PHA grants  | \$1,284,052                                     |
| Investment income - unrestricted  | <u>4,756</u>                                    |
| Total revenues  | <u>1,288,808</u>                                |
| <b>Expenses</b>   |   |
| Administrative:   |   |
| Administrative salaries   | 79,142  |
| Other operating - administrative  | 21,375  |
| Ordinary maintenance and operations:  |   |
| Ordinary maintenance and operations -<br>materials and other  | 4,730   |
| General expenses:   |   |
| Insurance premiums  | <u>12,305</u>                                   |
| Total operating expenses  | <u>117,552</u>                                  |
| <b>Excess Operating Revenues Over<br/>Operating Expenses</b>  | <u>1,171,256</u>                                |
| Housing assistance payments   | <u>1,151,005</u>                                |
| Total expenses  | <u>1,268,557</u>                                |
| <b>Excess of Total Revenues Over<br/>Total Expenses</b>   | <u>20,251</u>                                   |
| <b>Other Financing Sources (Uses):</b>  |   |
| Operating transfers in  | -   |
| Operating transfers out   | <u>(20,251)</u>                                 |
| Total other financing sources (uses)  | <u>(20,251)</u>                                 |
| Excess (Deficiency) of Revenues and Other Financing<br>Sources Over Expenses and Other Financing Uses | -   |
| <b>Calculation From R/E Statement</b>   | -   |
| <b>B/S Line 513</b>   | <u>-</u>  |
| Fund balance (deficit) at end of year   | <u>\$ -</u>                                     |

See auditor's report.

**SCHEDULE OF FAMILY DAYCARE PROGRAM EXPENDITURES  
BY BUDGET CATEGORY**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

Program Expenses:

|                        |                  |
|------------------------|------------------|
| Provider Payments      | <u>\$131,166</u> |
| Total program expenses | <u>131,166</u>   |

Administrative Expenses

|                               |                         |
|-------------------------------|-------------------------|
| Personnel costs               | 36,571                  |
| Routine travel                | 23                      |
| Staff training costs          | 180                     |
| Office costs                  | 2,172                   |
| Operating costs               | 370                     |
| Other                         | <u>191</u>              |
| Total administrative expenses | <u>39,507</u>           |
| Total expenses                | <u><u>\$170,673</u></u> |

See auditor's report.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. BERNARD PARISH GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2002**

**WIRELESS EMERGENCY 911 SERVICE (UNAUDITED)**

Act 1029 of 1999 amends and reenacts Louisiana Revised Statutes (R.S.) 33:9101 through 9131 relative to communication districts. The act authorizes the governing authority of a communication district to levy an emergency telephone service charge on certain wireless communication systems to pay the costs of implementing FCC ordered enhancements to Emergency 911 systems.

The Parish has levied an emergency telephone service charge in the amount of \$.85 per month per wireless CMRS Service connection provided for by Act 1029 with each Commercial Mobile Radio Service supplier.

For the year ended December 31, 2002, the Parish received a total of \$167,768 in Emergency 911 tax revenue.



**SINGLE AUDIT SECTION**

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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

To the St. Bernard Parish Council,  
Chalmette, Louisiana

We have audited the general purpose financial statements of the **St. Bernard Parish Government** (the "**Parish**"), State of Louisiana, as of and for the year ended December 31, 2002, and have issued our report thereon dated June 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by another auditor and our report on internal control over financial reporting and on compliance does not include this entity.

### **Compliance**

As part of obtaining reasonable assurance about whether the **Parish's** general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 02-7 through 02-10.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the **Parish's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the **Parish's** general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the **Parish's** ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 02-1 through 02-6.

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 **Parish's** general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 02-1 to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the **Parish** in a separate report dated June 13, 2003.

This report is intended solely for the information of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the State of Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Reboue & Company*

June 13, 2003

# REBOWE & COMPANY

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

To the St. Bernard Parish Council,  
Chalmette, Louisiana

### **Compliance**

We have audited the compliance of the **St. Bernard Parish Government** (the "**Parish**"), State of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2002. The **Parish's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the **Parish's** management. Our responsibility is to express an opinion on the **Parish's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **Parish's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the **Parish's** compliance with those requirements.

In our opinion, the **Parish** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

## **Internal Control Over Compliance**

The management of the **Parish** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the **Parish's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Administration of the St. Bernard Parish Government, the St. Bernard Parish Council, the State of Louisiana, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Rebowe & Company*

June 13, 2003

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                     | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|---------------------------------|
| <b>U.S. Department of Labor</b>   |                                    |                                 |
| <i>Pass - Through Louisiana Department of Labor:</i>                          |                                    |                                 |
| Welfare to Work   | 17.253                             | \$ 130,472                      |
| Workforce Investment Act - Adult Title 1                                      | 17.258                             | 820,906                         |
| Workforce Investment Act - Youth Program                                      | 17.259                             | 551,229                         |
| Workforce Investment Act - Dislocated Worker 1A - Administrative              | 17.260                             | 453,515                         |
| Workforce Investment Act - Incentive  | 17.260                             | 29,489                          |
| Workforce Investment Act - Administrative Pool                                | 17.260                             | 89,386                          |
| Workforce Investment Act - Patient Care                                       | 17.260                             | 3,942                           |
| Workforce Investment Act - Storm Cleanup (Project Allison)                    | 17.260                             | 161,171                         |
| Workforce Investment Act - Dislocated Worker (10% Funds)                      | 17.260                             | 6,118                           |
| Workforce Investment Act - Find Work (Project Independence)                   | 17.260                             | 213,917                         |
| Workforce Investment Act - Mobile Green Team                                  | 17.260                             | <u>74,049</u>                   |
| Total U.S. Department of Labor  |                                    | <u>2,534,194</u>                |
| <b>U.S. Department of Transportation</b>                                      |                                    |                                 |
| FTA Operating/Capital Grant   | 20.507                             | 88,419                          |
| <i>Pass - Through Louisiana Department of Transportation and Development:</i> |                                    |                                 |
| Highway Planning and Construction Intersection Improvements                   | 20.205                             | 199,306                         |
| Patricia Street Reconstruction  | 20.205                             | <u>1,251,188</u>                |
| Total U.S. Department of Transportation                                       |                                    | <u>1,538,913</u>                |
| <b>U.S. Department of Housing and Urban Development</b>                       |                                    |                                 |
| Section 8 Rental Voucher Program  | 14.871                             | 1,180,928                       |
| <i>Pass - Through Louisiana Department of Social Services</i>                 |                                    |                                 |
| Emergency Shelter Grants Program  | 14.231                             | <u>38,484</u>                   |
| Total U.S. Department of Housing and Urban Development                        |                                    | <u>1,219,412</u>                |

(continued)



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal<br>CFDA<br>Number | Federal<br>Expenditures |
|---|---------------------------|-------------------------|
| <b>U.S. Environmental Protection Agency</b>   |                           |                         |
| Wastewater Assistance Agreement   | 66.606                    | \$ 873,000              |
| <i>Pass - Through University of New Orleans</i><br>Wastewater Consolidation Study                         | 66.606                    | <u>139,514</u>          |
| Total U.S. Environmental Protection Agency  |                           | <u>1,012,514</u>        |
| <b>U.S. Federal Emergency Management Agency</b>   |                           |                         |
| <i>Pass - Through United Way:</i><br>Emergency Food and Shelter Program                                   | 83.523                    | 30,675                  |
| <i>Pass - Through Louisiana Office of Emergency Preparedness</i><br>Hazard Mitigation Grant (Isidore)     | 83.548                    | 484,294                 |
| Hazard Mitigation Grant (Lili)  | 83.548                    | 110,731                 |
| Emergency Management Performance Grant  | 83.552                    | 19,409                  |
| Assistance to Firefighters Grant  | 83.554                    | <u>88,963</u>           |
| Total Federal Emergency Management Agency   |                           | <u>734,072</u>          |
| <b>U.S. Department of Health and Human Services</b>   |                           |                         |
| <i>Pass - Through Louisiana Housing Finance Agency:</i><br>Temporary Assistance for Needy Families (TANF) | 93.558                    | 187,545                 |
| Low Income Home Energy Assistance Program   | 93.568                    | 344,005                 |
| <i>Pass - Through Louisiana Department of Labor:</i><br>Community Services Block Grant                    | 93.569                    | <u>157,756</u>          |
| Total U.S. Department of Health and Human Services  |                           | <u>689,306</u>          |

(continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**St. Bernard Parish Government**

**For the Year Ended December 31, 2002**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                    | <u>Federal<br/>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|---------------------------------|
| <b>U.S. Department of Agriculture</b>  |                                    |                                 |
| <i>Pass - Through Louisiana Department of Education:</i>                     |                                    |                                 |
| Family Day Care Home Program   | 10.558                             | \$ 170,673                      |
| <br><i>Pass - Through Louisiana Department of Agriculture &amp; Forestry</i> |                                    |                                 |
| Cooperative Forestry Assistance  | 10.664                             | <u>3,307</u>                    |
| Total U.S. Department of Agriculture   |                                    | <u>173,980</u>                  |
| <br><b>U.S. Department of Energy</b>   |                                    |                                 |
| <i>Pass - Through Louisiana Housing Finance Agency</i>                       |                                    |                                 |
| Weatherization Assistance Program  | 81.042                             | <u>3,950</u>                    |
| Total U.S. Department of Energy  |                                    | <u>3,950</u>                    |
| Total Expenditures of Federal Awards   |                                    | <u><u>\$ 7,906,341</u></u>      |

The accompanying Notes to the Schedule of Federal Expenditures are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**NOTE 1 - SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS*, OMB CIRCULAR A-133, "AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS" AND THE SINGLE AUDIT ACT OF 1984 AND 1996 AMENDMENTS**

All federal grant operations of the St. Bernard Parish Government, are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing were:

- Family Daycare Home Program (CFDA No. 10.558)
- HUD Section 8 Rental Voucher Program (CFDA No. 14.871)
- Highway Planning & Construction (CFDA No. 20.205)
- Patricia Street Reconstruction (CFDA No. 20.205)
- EPA Wastewater Assistance Agreement (CFDA No. 66.606)
- EPA Wastewater Consolidation Study (CFDA No. 66.606)
- FEMA Hazard Mitigation (Isidore) (CFDA No. 83.548)
- FEMA Hazard Mitigation (Lili) (CFDA No. 83.548)
- Low Income Home Energy Assistance Program (CFDA No. 93.568)

**NOTE 2 - FISCAL PERIOD AUDIT**

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2002.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Parish has met the qualifications for the respective grants. Several programs are funded jointly by State of Louisiana appropriations and federal funds. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**ACCRUED AND DEFERRED REIMBURSEMENT**

Various reimbursement procedures are used for federal awards received by the Parish. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

**PAYMENTS TO SUBRECIPIENTS**

The Parish remitted to subrecipients for the year ended December 31, 2002.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### A - Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the **St. Bernard Parish Government**.
2. Six reportable conditions in internal control relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. Four instances of noncompliance material to the financial statements of **St. Bernard Parish Government**, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the **St. Bernard Parish Government** expresses an unqualified opinion on all major federal programs.
6. There were no findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The following programs were identified as major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program (or Cluster)</u> |
|--------------------|---|
| 10.558             | Family Daycare Home Program                 |
| 14.871             | HUD Section 8 Rental Voucher Program        |
| 20.205             | Highway Planning & Construction             |
| 20.205             | Patricia Street Reconstruction              |
| 66.606             | EPA Wastewater Assistance Agreement         |
| 66.606             | EPA Wastewater Consolidation Study          |
| 83.548             | FEMA Hazard Mitigation (Isidore)            |
| 83.548             | FEMA Hazard Mitigation (Lili)               |
| 93.568             | Low Income Home Energy Assistance Program   |

8. The threshold for distinguishing Types A and B programs was \$300,000.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**A - Summary of Auditor's Results (Continued)**

9. St. Bernard Parish Government was determined to be a high-risk auditee.

**B - Findings Related to the Financial Statements**

**Internal Control**

**02-1 Condition** – Grant information, awards, and applications are not centrally maintained for both the Parish and the Water & Sewer Division. We noted one instance where a request for reimbursement of \$218,841 (\$139,514 at December 31, 2002) related to an EPA grant had not been made, nor was anyone assigned to prepare such a request. [This finding is also included as Finding 02-1 on the Dept. of Public Works Water & Sewer Division and the Districts Audit Report.]

**Criteria** – The Finance Department should monitor and maintain records for all grants applied for and awarded to the Parish and the Water & Sewer Division.

**Effect** – Grant revenues and expenditures may be misstated in the general ledger and the Schedule of Expenditures of Federal Awards may not include all federal grants awarded.

**Cause** – Grant records are maintained by the department which applies for the grant or by an offsite grant administrator.

**Recommendation** – Copies of all grant documents should be maintained by the Department of Finance and a member of the staff should be required to reconcile grant revenues and expenditures on a monthly basis. A request for reimbursement for the grant noted above (\$218,841) should be made immediately.

**Management's Response** – See Management's Corrective Action Plan.

**02-2 Condition** – The Department of Finance does not fully utilize encumbrance accounting within their accounting function and financial reporting for both the Parish and the Water & Sewer Division. [This finding is also included as Finding 02-2 on the Dept. of Public Works Water & Sewer Division and the Districts Audit Report.]



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Internal Control (Continued)**

**02-2 (Continued)**

**Criteria** – Governmental entities must reserve a portion of their fund balances for all purchase orders unfilled at year-end to reflect the government's commitment to remitting resources once the goods or services are received.

**Effect** – The unreserved portion of the fund balance may be overstated by the portion of the fund balance that should be reserved for encumbrances.

**Causes -**

- Encumbrance accounts are not adjusted on an annual basis.
- Purchase orders that have not been filled in the latter part of the year are not reviewed by Department of Finance employees to determine whether amounts should be reserved within the fund balance.
- The computer system does not allow for employees to determine whether issued purchase orders have been filled.

**Recommendations** – The Department of Finance should recognize those purchase orders unfilled at the end of the reporting period and reserve a portion of the fund balance to reflect the amounts likely to be due in the next period as a result of unfilled goods and services requisitioned.

**Management's Response** – See Management's Corrective Action Plan.

**02-3 Condition** – Workforce Investment Act (WIA) accounting records are not integrated within the Department of Finance general ledger accounting records.

**Criteria** – Governmental entities should maintain and control accounting records for all activities within their responsibility.

**Effect** – WIA accounting records and transactions are not included in internal financial statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Internal Control (Continued)**

**02-3 (Continued)**

**Cause** – WIA personnel maintain their own set of accounting records.

**Recommendation** – The Department of Finance should initiate steps to fully integrate WIA accounting transactions within the Parish general ledger accounting records.

**Management's Response** – See Management's Corrective Action Plan.

**02-4 Condition** – The Department of Finance lacks a comprehensive fixed asset and capital project policy for General Fixed Assets.

- Fixed asset additions within the Parish are all recorded in one of the capital project funds.
- The General Fixed Asset subsidiary ledger does not agree to the beginning balance of total assets reported in the audited financial statements.

**Criteria** – Fixed asset subsidiary ledgers should be reconciled to the general ledger on a monthly basis for all additions, deletions, and transfers.

- Fixed asset addition expenditures should be recorded within the capital project fund for which the assets will be used.
- Capital projects, once completed, should be included in the Parish fixed asset subsidiary ledger.

**Effect** – Fixed asset expenditures may be misstated within the general ledger accounting records during the year.

- The Capital Projects Fund may overstate expenditures and exceed budgeted amounts; other funds may understate expenditures.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Internal Control (Continued)**

**02-4 (Continued)**

**Cause** – St. Bernard Parish lacks a comprehensive fixed assets management policy.

**Recommendation** – The Department of Finance should prepare a comprehensive fixed asset management policy that will guide employees in performing the following procedures:

- Properly record fixed asset additions within the fund for which the assets will be used.

**Management's Response** – See Management's Corrective Action Plan.

**02-5 Condition** – Self insurance monthly loss run reports are not being reconciled to the general ledger. [This finding is also included as Finding 02-3 on the Dept. of Public Works Water & Sewer Division and the Districts Audit Report.]

**Criteria** – Monthly loss run reports must be reconciled to the general ledger to prevent material misstatement of liability accounts.

**Effect** – Liabilities in the general ledger accounting records may be misstated.

**Cause** – The Department of Finance does not currently have someone assigned to perform this duty.

**Recommendation** – The Department of Finance should delegate the duties of performing reconciliations between the general ledger accounting records and the monthly loss run reports on a monthly basis. In addition, an employee one level above the employee performing the reconciliations should review the reconciliations.

**Management's Response** – See Management's Corrective Action Plan.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### B – Findings Related to the Financial Statements (Continued)

##### Internal Control (Continued)

02-6 From the Dept. of Public Works Water & Sewer Division and the Districts Audit Report (Finding 02-4)

**Condition** – Currently the Division does not prepare a reconciliation of the meter deposit general ledger control account and the subsidiary ledger.

**Criteria** – The meter deposit payable general ledger account should be reconciled to the meter deposit subsidiary ledger on a monthly basis.

**Effect** – At December 31, 2002, there is a difference between the general ledger control and subsidiary ledger account balances. The general ledger account balance exceeded the subsidiary ledger balance in the amount of \$80,582.

**Cause** – Management oversight.

**Recommendation** – The Division should continue to investigate and correct differences between the meter deposit subsidiary and the general ledger. In the two previous years, the difference between the subsidiary ledger and the general ledger was \$42,201 and \$28,132, respectively. Reconciliations should be prepared on a monthly basis. The Division should also send confirmations of deposit balances to all customers and use the information obtained to update its records and reconcile the deposit balance.

**Management's Response** – See Management's Corrective Action Plan.

##### Compliance

02-7 **Condition** – The Parish remitted a total of \$13,417 for costs associated with the implementation of enhancements to the 911 Telephone System for cellular and other wireless telephone users to two service suppliers without having a signed cooperative endeavor agreement.

**Criteria** – Act 1029, Louisiana Revised Statute 33:9101, requires that no payments of service suppliers' costs associated with the implementation of Phase I enhancements shall be made unless there is a cooperative endeavor agreement between the Parish's communications district and the supplier.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Compliance (Continued)**

**02-7 (Continued)**

**Effect** – The payments were not made in accordance with Louisiana statutes.

**Cause** – Lack of follow-up on requests for cooperative endeavor agreements.

**Recommendation** – The Parish should make sure that cooperative endeavor agreements are maintained for any payments made to service suppliers for Phase I enhancements to ensure that all further payments are in compliance with Louisiana statutes.

**Management's Response** – See Management's Corrective Action Plan.

**02-8 Condition** – Several instances were noted where revenues and other sources failed to meet by more than 5% of projected revenues and where expenditures and other uses exceeded the projected budget by 5% or more.

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

**Effect** – The budget was not amended in accordance with Louisiana statutes.

**Cause** – Fiscal year end adjustments were not made in a timely manner in order to alert management to properly amend the budget in accordance with the requirements of state law.

**Recommendation** – The Primary Government should provide the requirements of the Louisiana Budget Act to all responsible parties, noting the importance of complying with all aspects of the law. Also, year end adjustments should be made in a timely manner.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Compliance (Continued)**

**02-8 (Continued)**

**Management's Response** – See Management's Corrective Action Plan.

**02-9 Condition** – The Parish did not adopt a budget for the Workforce Investment Act Fund for the year ended December 31, 2002.

**Criteria** – The Louisiana Local Government Budget Act, Revised Statute 39:1305 requires the adoption of a budget for the General Fund and all special revenue funds.

**Effect** – The budget was not adopted accordance with Louisiana statutes.

**Cause** – Management oversight.

**Recommendation** – The Parish should include in the Workforce Investment Act Fund in the budgeting process.

**Management's Response** – See Management's Corrective Action Plan.

**02-10** From the Dept. of Public Works Water & Sewer Division and the Districts Audit Report (Finding 02-5)

**Condition** – Two instances were noted where the Division was late making required monthly transfers to the sinking fund for the Sales Tax Bonds – Series 1999.

**Criteria** – The bond agreement requires monthly transfers of 1/6 of the next interest payment and 1/12 of the next principal payment on or before the 20<sup>th</sup> day of each month.

**Effect** – The Division could fail to reserve amounts necessary to meet the next interest and/or principal payment.

**Cause** – Management oversight.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**B – Findings Related to the Financial Statements (Continued)**

**Compliance (Continued)**

**2-10 (Continued)**

**Recommendation** – The Division should implement measures to ensure that all required debt transfers are made on or before they are due.

**Management's Response** – See Management's Corrective Action Plan.

**C – Findings and Questioned Costs Related to Major Federal Awards**

There were no findings related to federal awards for the year ended December 31, 2002.



## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

**Finding 01-1 Condition** – In several instances, revenues and receivables were misposted in the general ledger accounting records.

**Recommendation** – The Department of Finance should consider implementing the following procedures:

1. Determine the appropriate general ledger accounts to be used for cash receipts and communicate these accounts to the employees recording the transaction.
2. Assign an employee to prepare the deposit of the receipts, a different employee to make the deposit, and another employee to record the amounts received within the general ledger accounting records.
3. Assign an employee one level above to review the accounting transactions recorded.
4. Implement procedures to ensure that revenue is recorded according to generally accepted accounting principles.

**Action Taken** – Resolved; the Finance Department continues its efforts to properly code all revenue and receivables into the general ledger. Due to the enormous amounts of entries, there is undoubtedly going to be some miscoding of entries. However, the Parish's more aggressive review policies should keep mis-posting to a minimum.

**Finding 01-2 Condition** – The Department of Finance lacks a comprehensive fixed asset and capital project policy for General Fixed Assets and the proprietary fund fixed assets (See Finding 01-1 from the Water and Sewer Audit Report, included in this finding below).

- Capital project expenditures and fixed asset additions within the Parish were all recorded in one of the capital project funds – Capital Projects Fund.

**Recommendation** – The Department of Finance should prepare a comprehensive fixed assets and capital project management policy that will guide employees in performing the following procedures:

- Properly record fixed assets and capital asset additions and deletions within the fund for which the asset will be used.

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**Finding 01-2 (Continued)**

**Action Taken** – Unresolved; see Finding 02-4.

From the Dept. of Public Works Water & Sewer Division and the Districts Audit Report (Finding 01-1)

- Capital project expenditures within the Water & Sewer Division were treated as additions to the fixed asset and capital project assets.
- Upon replacement of fixed assets and water and sewer line piping, removal of the replaced fixed asset water and sewer piping from the general ledger accounting records was not recorded.
- Fixed asset subsidiary ledgers were not reconciled to the general ledger on a monthly basis.

**Recommendation** – The Department of Finance should prepare a comprehensive fixed asset and capital project management policy that will guide employees in performing the following procedures:

- Determine when capital project expenditures should be capitalized and subsequently depreciated.
- Replaced fixed assets should be removed from the asset subsidiary ledger, and the accumulated depreciation should be removed as well. The replaced asset should not continue to be depreciated. The asset subsidiary ledger account is then adjusted for the new fixed asset and the asset is properly depreciated over its estimated useful life.
- In order to address the replacement of piping within the water and sewer lines, the Department of Finance must determine a value for the piping using either weighted average, first-in, first-out or last-in first out methods or utilize the specific identification method. In doing so, whenever the piping is replaced, the replaced piping must be removed

## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### *Finding 01-2 (Continued)*

from the subsidiary ledger using a method much like the fixed asset method above, and the new piping is treated as the replacement fixed asset.

- The fixed asset subsidiary ledger should be reconciled to the general ledger accounting records on a monthly basis. In doing so, all deletions, additions, and transfers will be recorded in a timely manner. In addition, the fixed asset reconciliation should be reviewed monthly by someone one level above the preparer.

**Action Taken** – Resolved; Parish Administration has implemented the necessary policies to eliminate the reportable condition concerning Water & Sewer fixed assets. Along with the changes in accounting policy, the Finance Department has out-sourced the annual compilation of fixed assets for the Water and Sewer Division to a certified public accounting firm.

**Finding 01-3 Condition** – Self-insurance monthly loss run reports were not being reconciled to the general ledger. [This finding was also included as Finding 01-2 on the Dept. of Public Works Water & Sewer Division and the Districts Audit Report].

**Recommendation** – The Department of Finance should assign an employee to prepare reconciliations between the general ledger accounting records and the monthly loss run reports on a monthly basis. In addition, an employee one level above the employee performing the reconciliations should review the reconciliation.

**Action Taken** – Unresolved; see Finding 02-5.

**Finding 01-4 Condition** – Self-insurance premium expenses were not allocated to other funds on a consistent basis. While the Department of Finance calculates the amount of premium expenses to be allocated, the entries were not recorded in a timely manner.

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**Finding 01-4 (Continued)**

**Recommendation** – The Department of Finance should assign the allocation entry to an employee and the review function to someone one level above the employee.

**Action Taken** – Resolved; the Parish Finance Department has followed the auditor's recommended suggestions from the prior audit and assigned an employee to properly manage all interfund allocations. The parish anticipates no reportable conditions concerning this matter in the current audit.

**Finding 01-5 Condition** – The Department of Finance did not timely allocate the Self-Insurance Fund employee salaries to the proper fund.

**Recommendation** – The Department of Finance should assign the allocation entry function to an employee as well as the review function to an employee one level above. The reallocation entries should be performed on a monthly basis.

**Action Taken** – Resolved; the Parish Finance Department has followed the auditor's recommended suggestions from the prior audit and anticipates no reportable conditions concerning this matter in the current audit.

**Finding 01-6** From the Dept. of Public Works Water & Sewer Division and the Districts Audit Report (Finding 01-3)

**Condition** – The Division did not prepare a reconciliation of the meter deposit general ledger control account and the subsidiary ledger.

**Recommendation** – The Division should continue to investigate and correct differences between the meter deposit subsidiary and the general ledger. Reconciliations should be prepared on a monthly basis.

**Action Taken** – Unresolved; see Finding 02-6.

**Finding 01-7 Condition** – Several instances were noted where revenues and other sources failed to meet by more than 5% of projected revenues and where expenditures and other uses exceeded the projected budget by 5% or more.

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**ST. BERNARD PARISH GOVERNMENT**

**For the Year Ended December 31, 2002**

**Finding 01-7 (Continued)**

**Recommendation** – The Parish should provide the requirement of the Louisiana Budget Act to all responsible parties, noting the importance of complying with all aspects of the law. Also, year end adjustments should be made in a timely manner.

**Action Taken** – Unresolved; see Finding 02-8.

# MANAGEMENT'S CORRECTIVE ACTION PLAN

## ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

### **Finding 02-1 - Maintenance of Grant Information**

#### **Recommendation:**

Copies of all grant documents should be maintained by the Department of Finance and a member of the staff should be required to reconcile grant revenues and expenditures on a monthly basis. A request for reimbursement for the grant noted above (\$218,841) should be made immediately.

#### **Corrective Action:**

Administration is in the process of hiring and assigning a permanent employee to manage the Parish's federal grants. The employee should eliminate the comment from future audits. In regards to current grants, they are under review and will be monitored and recorded properly.

#### **Implementation Date:**

January 1, 2003

#### **Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

### **Finding 02-2 - Use of Encumbrance Accounting**

#### **Recommendation:**

The Department of Finance should recognize those purchase orders unfilled at the end of the reporting period and reserve a portion of the fund balance to reflect the amounts likely to be due in the next period as a result of unfilled goods and services requisitioned.

#### **Corrective Action:**

Management has reviewed the suggestions of the auditors and will properly implement them in a timely manner to eliminate this comment.

#### **Implementation Date:**

January 1, 2003

#### **Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

## MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### **Finding 02-3 – Integration of Workforce Investment Act Accounting Records**

**Recommendation:**

The Department of Finance should initiate steps to fully integrate WIA accounting transactions within the parish general ledger accounting records.

**Corrective Action:**

WIA has operated with their own segregated financial system since their conception. However, Parish administration understands the perspective of the external auditors and will make an effort to incorporate the financial statements of WIA into the general financials of the Parish.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

#### **Finding 02-4 – Lack of a Comprehensive Fixed Asset and Capital Project Policy**

**Recommendation:**

The Department of Finance should prepare a comprehensive fixed asset management policy that will guide employees in performing the following procedures:

- Properly record fixed assets additions within the fund for which the assets will be used.

**Corrective Action:**

The Parish has engaged a CPA firm to review and correct the policies and procedures of the Parish's asset management system and assist in the implementation of GASB Statement No. 34. The engagement will address all aspects of the audit findings and eliminate them from future audits.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225



## MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### **Finding 02-5 - Self-Insurance Loss Run Reconciliation**

##### **Recommendation:**

The Department of Finance should delegate the duties of performing reconciliations between the general ledger accounting records and the monthly loss run reports on a monthly basis. In addition, an employee one level above the employee performing the reconciliations should review the reconciliations.

##### **Corrective Action:**

Management has delegated the proper personnel to reconcile the monthly loss runs as advised by the external auditors. Additionally, procedures have been implemented to review the reconciliations on a monthly basis by supervisory personnel.

##### **Implementation Date:**

January 1, 2003

##### **Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

#### **Finding 02-6 – Meter Deposit Reconciliation**

##### **Recommendation:**

The Division should continue to investigate and correct differences between the meter deposit subsidiary and the general ledger. In the two previous years, the difference between the subsidiary ledger and the general ledger was \$42,201 and \$28,132, respectively. Reconciliations should be prepared on a monthly basis. The Division should also send confirmations of deposit balances to all customers and use the information obtained to update its records and reconcile the deposit balance.

##### **Corrective Action:**

The Finance Department continues efforts to balance the general ledger and subsidiary ledger of the meter deposit account. However, the financial system has a software problem that has contributed to the problems associated with the reconciliation. Every effort will be made to rectify the audit finding.

##### **Implementation Date:**

January 1, 2003

## MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)

### ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

#### **Finding 02-6 – Meter Deposit Reconciliation (Continued)**

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

#### **Finding 02-7 – Payments to Wireless Suppliers Without Cooperative Endeavor Agreements**

**Recommendation:**

The Parish should make sure that cooperative endeavor agreements are maintained for any payments made to service suppliers for Phase I enhancements to ensure that all further payments are in compliance with Louisiana statutes.

**Corrective Action:**

Administration has assigned a financial representative to attend all 911 communication meetings to better understand the Parish's fiscal responsibilities. Furthermore, the legal department is currently in the process of negotiating the cooperative endeavor agreements necessary to properly remit the 911 proceeds back to the cellular providers. Once the agreements have been reached, the Parish will have the necessary information to properly manage the district funds.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

#### **Finding 02-8 – Compliance with the Louisiana Budget Act**

**Recommendation:**

The Primary Government should provide the requirements of the Louisiana Budget Act to all responsible parties, noting the importance of complying with all aspects of the law. Also, year end adjustments should be made in a timely manner.

**Corrective Action:**

Administration is in constant review of all budget matters and makes every attempt to remain in compliance with the 5% requirements of the Louisiana Budget Act. In the current year, the Parish experienced several budget variances late in the fiscal year and did not have the proper amount of time to amend the budget in accordance with the Parish Charter. The Parish has complied with the Act in the past audits and will ensure that the audit finding will not occur in the next audit.

# MANAGEMENT'S CORRECTIVE ACTION PLAN (CONTINUED)

## ST. BERNARD PARISH GOVERNMENT

For the Year Ended December 31, 2002

### **Finding 02-8--** Compliance with the Louisiana Budget Act (Continued)

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

### **Finding 02-9 –** No Budget for the Workforce Investment Act Fund

**Recommendation:**

The Parish should include the Workforce Investment Act Fund in the budgeting process.

**Corrective Action:**

Administration will make every effort to include WIA in the next annual budget.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

### **Finding 02-10 –** Late Transfers to Sinking Fund

**Recommendation:**

The Division should implement measures to ensure that all required debt transfers are made on or before they are due.

**Corrective Action:**

The Finance Department has all the adequate procedures necessary to make the proper transfers to the sinking funds. The current audit findings are a result of employee errors. This finding illustrates the need for greater supervision of secondary personnel.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

**ST. BERNARD PARISH COUNCIL**  
**MEMORANDUM OF ADVISORY COMMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 \_\_\_\_\_

**REBOWE & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

TABLE OF CONTENTS

AUDITOR'S REPORT .....1

OBSERVATIONS, RECOMMENDATIONS, AND  
MANAGEMENT'S RESPONSE

1. EMERGENCY 911 TAX REVENUE .....2

2. OVER-BILLINGS BY THE ST. BERNARD PARISH PRISON.....2

3. STATUS OF PRIOR YEAR COMMENTS.....3

# REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS  
CONSULTANTS

A PROFESSIONAL CORPORATION

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June 13, 2003

To the Honorable President  
and Members of the Council  
**St. Bernard Parish Council**  
Chalmette, Louisiana

We have audited the primary government financial statements of the **St. Bernard Parish Government, State of Louisiana** for the year ended December 31, 2002 and have issued our report thereon dated June 13, 2003. As part of our audit, we considered the Parish's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control.

Our consideration of the internal control has been reported on in a separately issued report entitled *Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated June 13, 2003.

This memorandum summarizes various other matters, which have come to our attention. While not involving reportable conditions, these matters do present opportunities for strengthening the internal control over financial reporting and improving the operating efficiency of the Parish.

We have discussed our recommendations with Parish personnel and have included their responses. We will be pleased to discuss these comments with you in further detail at your convenience, perform any additional analysis of these matters, or assist you in implementing our recommendations.

Sincerely,

*Rebowe & Company*

## 1. EMERGENCY 911 TAX REVENUE

**Condition:** Wireless service providers owe the Parish Communications District an undetermined amount of money for E-911 Emergency taxes for previous periods. Only a few wireless providers have been collecting and remitting the tax in accordance with the law.

**Criteria:** Louisiana Act 1029 authorized the Parish to levy an E-911 tax of up to .85 per subscriber per month to be billed and collected by the wireless provider. From the date of notification, suppliers had 60 days to begin billing for the tax.

**Effect:** Tax revenue is understated by the amount owed, and since several of the wireless providers are disputing the taxes, the Communications District is not guaranteed to collect the full amount.

**Cause:** No one has followed up on tracking the receipts from the suppliers.

**Recommendation:** A member of the Finance Department should be appointed to the Communications District Board or a summary of District meetings should be sent to the Finance Department. The Finance Department should also continue its investigation of wireless tax revenue and select an employee to track receipts on a monthly / quarterly basis.

**Management's Corrective Action Plan:** Administration has assigned a financial representative to attend all 911 communication meetings to better understand the Parish's fiscal responsibilities. Furthermore, the legal department is currently in the process of negotiating the cooperative agreements necessary to properly remit the 911 proceeds back to the cellular providers. Once the agreements have been reached, the Parish will have the necessary information to properly manage the district funds.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

## 2. OVER-BILLINGS BY THE ST. BERNARD PARISH PRISON

**Condition:** Based on a report issued by the Office of the State Inspector General, the St. Bernard Parish Prison has over-billed the Parish by at least \$28,100 for prescription drugs supplied to state inmates.



2. **OVER-BILLINGS BY THE ST. BERNARD PARISH PRISON (CONTINUED)**

**Criteria:** The report cited officials at the Department of Corrections, who stated that the cost of prescription drugs are included in the \$23 per day per inmate paid by the state and should not have been billed to the Parish.

**Effect:** Overstatement of expenses.

**Cause:** Billing errors at the prison.

**Recommendation:** The Parish should continue its investigation into this matter.

**Management's Corrective Action Plan:** The Parish is in the process of hiring an external auditor concerning the billing for parish prisoners at the local jail. Our internal auditor will assist in resolving this matter.

**Implementation Date:**

January 1, 2003

**Contact:**

Danny Menesses, Chief Administrative Officer (504) 278-4225

3. **STATUS OF PRIOR YEAR COMMENTS**

**Comment 01-1**

**Condition:** Several instances were noted where grant revenues were miscoded to the wrong grants within other funds.

**Recommendation:** The Finance Department should implement policies and procedures to initiate monthly reconciliation between the revenue received, the general ledger, and the financial payment requests remitted to the funding agencies. In addition, reconciliation between the revenues received and the funds within the general ledger should occur on a monthly basis. Moreover, personnel responsible for the coding of the revenues should periodically receive updated chart of accounts with instructions as to how to recognize and properly code revenues for grants to the appropriate general ledger account.

**Action Taken:** Resolved; the Parish has implemented procedures to review all coding to ensure proper recording.

3. **STATUS OF PRIOR YEAR COMMENTS (CONTINUED)**

**Comment 01-2**

**Condition:** Effective for the year beginning January 1, 2002, GASB Statement No. 34 establishes new financial reporting requirements for the Parish. When implemented, it will create new information and will restructure much of the information that the Parish has presented in the past.

**Recommendation:** The Parish should begin to formulate a plan of action by January 2002 designed to make the implementation of GASB Statement No. 34 as efficient as possible.

**Action Taken:** Resolved; administration has hired a certified public accounting firm to coordinate and implement GASB No. 34 for the Parish. Continuing progress meetings have assured the Finance Department that GASB No. 34 will be implemented in a timely manner.

**Comment 01-3**

**Condition:** During the audit, it was noted that several areas were subject to significant audit adjustments and accounting assistance.

**Recommendation:** The accounting regarding these areas must be performed on a weekly and monthly basis during the normal course of business. General ledgers must be reconciled to the subsidiary ledgers on a monthly basis. Bank accounts should be reconciled and agreed to the general ledger on a monthly basis. Policies and procedures should be implemented to establish the recording of accounting entries for all areas in order to accurately state the financial statements on a monthly basis. In doing so, the monthly financial statements will provide the Council and the Administration with more accurate information for decision making purposes.

**Action Taken:** Resolved; the Parish engaged a certified public accounting firm to assist the Finance Department in resolving the adjustment problems noted during the prior year's audit.