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Smith, Hurd & Associates, L.L.C.

October 29, 1997

Smith, Huvall & Associates, L.L.C.

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Creditable Accounting

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

THE HONORABLE RODNEY J. STRAIN, JR.
ST. TAMMANY PARISH SHERIFF AND EX-OFFICIO TAX COLLECTOR
St. Tammany Parish, Louisiana

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

Compliance

As part of obtaining reasonable assurance about whether the Tax Collector Agency Fund of the St. Tammany Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, concerning income 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

ST. TAMMANY PARISH SHREVE
TAX COLLECTOR AGENCY FUNDS
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1997

NOTE C - STABILIZATION FUNDING

The revenue sharing funds provided by Act 500 were distributed as follows:

St. Tammany Parish:	
Assessor	\$ 85,681
Police Jury	226,933
School Board	1,871,843
Fire Protection Districts	241,246
Shoofit	288,018
Mosquito Abatement District	96,145
Recreation Districts	87,438
Lagoon District	2,109
Library	185,456
Water Districts	84,373
Pension Funds	<u>47,781</u>
Total	<u>\$ 3,296,943</u>

NOTE D - AUTOMOBILE TAXES

Louisiana Revised Statute 47:1961.2 requires that motor vehicle dealers in the parish transfer to the tax collector, monthly, estimated ad valorem taxes due on motor vehicles sold during the month. The remittances are deposited into a separate interest-bearing account of the tax collector. During December of each year, the dealer's actual tax liability is determined and that amount is transferred to the tax collector cash account for settlement to the various taxing districts. Any amounts remaining in the separate account may be either refunded to the motor vehicle dealer or carried over into the next year and applied against those taxes. The following schedule provides detail on changes in the separate motor vehicle dealer account during the period ended June 30, 1997:

Balance at June 30, 1996	\$ 408,744
Remittances - 1996	620,954
Remittances - 1997	299,260
Interest and fees	42,164
Transfers to tax collector cash account for distribution to taxing bodies	<u>(652,816)</u>
Balance at June 30, 1997	<u>\$ 318,294</u>

ST. TAMMANY PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1997

NOTE D - CASH AND CASH EQUIVALENTS

At June 30, 1997, the Sheriff's Tax Collector Agency Fund has cash (bank balances) totaling \$5,885,882. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The Sheriff's tax collector accounts are grouped with those of the Sheriff's general funds for the purpose of securities pledged. At June 30, 1997, the Sheriff has \$12,738,435 in deposits (booked bank balances). These deposits are secured from risk by \$180,080 of federal deposit insurance and \$83,687,384 of pledged securities held by the custodial bank in the name of the fiscal agent bank (CASH Category 2). The remaining balance of \$29,851 is not secured by pledge of securities and is a violation of state law.

Even though the pledged securities are considered uncollateralized (Category 2) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 79:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Due to significantly higher cash flows during the end of return tax collectors period, the Sheriff's deposits increase significantly; as a result, the amount of collateralized deposits at these times is substantially higher.

ST. TAMMANY PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
St. Tammany Parish, Louisiana

STATEMENT OF COLLECTIONS, DISTRIBUTIONS AND UNSETTLED BALANCES
(Continued)

For the Year Ended June 30, 1997

SETTLEMENTS

Louisiana Department of Wildlife and Fisheries	\$ 687,499
Louisiana Tax Commission	7,844
Louisiana Forestry Commission	36,586
St. Tammany Parish	
School Board	70,395,348
Police Jury	24,614,515
Sheriff	11,709,140
Fire Protection Districts	10,688,117
Mosquito Abatement District	1,468,824
Assessor	1,389,266
Recreation Districts	1,868,177
Tourist Commissions	454,467
Library	198,456
Levee District	37,409
Waterworks Districts	140,268
Sewerage Districts	36,846
Drainage Districts	276,818
Road Lighting	70,859
Municipalities	28,253,235
Florida Parish Juvenile Center	1,877,641
Refunded to Employers	1,909,055
Pension Funds	1,365,795
Other fees	240,880
Total distributions	<u>148,242,092</u>

UNSETTLED BALANCES AT JUNE 30, 1997 \$ 2,885,087

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
St. Tammany Parish, Louisiana

STATEMENT OF COLLECTIONS, DISTRIBUTIONS
AND UNSETTLED BALANCES

For the Year Ended June 30, 1997

UNSETTLED BALANCES, JULY 1, 1996	\$ 6,414,680
COLLECTIONS	
Ad Valorem taxes:	
Current year	61,089,604
Prior year	1,504,389
Motor Vehicle	869,156
Angling, hunting, and trapping licenses	821,768
Parish licenses	1,199,516
Sales taxes	81,536,574
Tax notices, penalties, etc.	232,668
State revenue sharing (Note C)	3,586,943
Interest on:	
Sales taxes	180,257
Delinquent taxes	375,219
Investments	685,082
Research and other fees	<u>81,582</u>
Total collections	<u>158,308,579</u>
SUBTOTAL	\$158,308,579

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
St. Tammany Parish, Louisiana

STATEMENT OF ASSETS AND LIABILITIES

June 30, 1997

Assets

Cash and cash equivalents (Note A3)

\$ 2,805,987

Fixed assets

103

\$ 2,805,987

Liabilities

Due to taxing bodies and others

\$ 2,805,987

The accompanying notes are an integral part of this statement.

In accordance with *Consenters Auditing Standards*, we have also issued a report dated October 29, 1997 on our consideration of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Smith, Howell & Associates, L.L.C.

October 29, 1997

Smith, Huvall & Associates, L.L.C.

an equal-opportunity employer

Equal Opportunity Statement

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INDEPENDENT AUDITORS' REPORT

THE HONORABLE HORNBY J. STRAIN, JR.
ST. TAMMANY PARISH SHERIFF AND EX-OFFICIO TAX COLLECTOR
St. Tammany Parish, Louisiana

We have audited the financial statements of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff as of June 30, 1997, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the St. Tammany Parish Sheriff and Ex-Officio Tax Collector's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A.1, the St. Tammany Parish Sheriff is the Ex-Officio Tax Collector for the various taxing bodies within St. Tammany Parish, and the accompanying financial statements present information only on his activities as parish tax collector. Accordingly, the accompanying financial statements are not intended to and do not present the financial position and results of operations of the St. Tammany Parish Sheriff.

In our opinion, the financial statements referred to in the first paragraph present fairly in all material respects, the assets and liabilities of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff as of June 30, 1997, and the collections and disbursements for the year then ended, in conformity with generally accepted accounting principles.

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**ST. TAMMANY PARISH SHERIFF
TAX COLLECTOR AGENCY FUNDS
St. Tammany Parish, Louisiana**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS REPORT**

June 30, 1997

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

Release Date ~~800-4-888~~