

Smith, Huval & Associates, L.L.C.

(A LIMITED LIABILITY COMPANY)

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

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 June 30, 1996, and for the year then ended and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement.

The management of the St. Tammany Parish Sheriff is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

In accordance with Government Auditing Standards, we have also issued a report dated December 6, 1996 on our consideration of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff's internal control structure and a report dated December 6, 1996 on its compliance with laws and regulations.

Smith, Hural & Associates, L.L.C.

December 6, 1996

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

FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT

June 30, 1996

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 FEB 12 1997

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INDEPENDENT AUDITORS' REPORT

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 June 30, 1996, 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. Those 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 A1, 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, 1996, and the collections and disbursements for the year then ended, in conformity with generally accepted accounting principles.

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

STATEMENT OF ASSETS AND LIABILITIES

June 30, 1996

Assets

Cash and cash equivalents (Note A3)
Due from General Fund

\$ 6,392,720
21,880
\$ 6,414,600

Liabilities

Due to taxing bodies and others

\$ 6,414,600

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, 1996

<u>UNSETTLED BALANCES, JULY 1, 1995</u>	\$ 5,907,661
 <u>COLLECTIONS</u>	
Ad Valorem taxes:	
Current year	48,806,353
Prior year	891,298
Motor Vehicle	998,907
Angling, hunting, and trapping licenses	665,602
Parish licenses	1,134,620
Sales taxes	78,388,671
Tax notices, penalties, etc.	221,262
State revenue sharing (Note C)	3,492,111
Interest on:	
Sales taxes	170,617
Delinquent taxes	284,356
Investments	428,953
Research and other fees	<u>181,180</u>
 Total collections	 <u>135,663,930</u>
 SUBTOTAL	 <u>141,571,591</u>

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
(Continued)

For the Year Ended June 30, 1996

SETTLEMENTS

Louisiana Department of Wildlife and Fisheries	\$ 578,045
Louisiana Tax Commission	7,410
Louisiana Forestry Commission	18,198
St. Tammany Parish:	
School Board	64,736,842
Police Jury	22,861,461
Sheriff	10,723,527
Fire Protection Districts	8,997,056
Mosquito Abatement District	1,653,343
Assessor	1,125,956
Recreation Districts	653,749
Tourist Commissions	436,947
Library	197,735
Levee District	34,427
Waterworks Districts	46,113
Sewerage District	20,897
Drainage Districts	239,164
Road Lighting	48,629
Municipalities	21,254,303
Refunded to taxpayers	70,963
Pension funds	1,436,875
Other fees	15,351
Total distributions	<u>135,156,991</u>

UNSETTLED BALANCES AT June 30, 1996 \$ 6,414,600

The accompanying notes are an integral part of this statement.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

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 June 30, 1996, and for the year then ended, and have issued our report thereon dated December 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws and regulations applicable to the Tax Collector Fund is the responsibility of the Sheriff's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Sheriff's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Huval & Associates, L.L.C.

December 6, 1996

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1996

B. CASH AND CASH EQUIVALENTS

At June 30, 1996, the Sheriff's Tax Collector Agency Fund has cash (book balances) totaling \$6,392,720. 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.

At June 30, 1996, the primary government has \$6,685,877 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$6,585,877 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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 that the fiscal agent has failed to pay deposited funds upon demand.

Due to significantly higher cash flows during the ad valorem tax collection period, the Sheriff's deposits increase significantly; as a result, the amount of collateralized deposits at those times is substantially higher.

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

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we considered to be material weaknesses as defined above.

This report is intended for the information of management and the others within the organization as well as the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Hural & Associates, L.L.C.

December 6, 1996

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1996

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff is ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes, parish occupational licenses, state revenue sharing funds, and angling, hunting, and trapping licenses. The Sheriff also collects the sales tax for St. Tammany Parish and other taxing bodies within the parish.

1. Reporting Entity

Louisiana Revised Statute 24:517(D) requires that the accounts of each tax collector be audited annually. Accordingly, the accompanying statements reflect financial activity of the Sheriff relating only to his responsibility as ex-officio tax collector. Amounts included in this report are also included in the Sheriff's annual general purpose financial statements.

2. Basis of Accounting

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and balances due various taxing bodies and others. The accompanying financial statements have been prepared on the modified accrual basis of accounting with collections recognized when they became both measurable and available and distributions reflected when the liability is incurred.

3. Cash

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

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