

Program Requirement	Findings / Noncompliance	Quantified Costs
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Specific Requirements (Continued)

Food Coupon / Reporting (Continued)

a) Retirement expense was understated on FSP - 58's from January 1995 through December 1995.	\$184
b) Maintenance expenses were understated on FSP - 58's from January 1995 through December 1995.	118
c) Gas and oil expenses were understated on FSP - 58's from January 1995 through December 1995.	98
d) Office supplies expense were understated on FSP - 58's from January 1995 through December 1995.	13
e) Security service expenses were overstated on FSP - 58's from January 1995 through December 1995.	(498)
	(85)
Federal reimbursement	2,507
Net question costs	\$2,121

It was recommended that the parish government perform reconciliations between the federal reports and the general ledger to assure the federal reports are complete. In addition, it was recommended that the parish government investigate the unrecorded and questioned costs and take the appropriate action.

Response: A year-end reconciliation was implemented to assure that the general ledger and the reports filed with the state correspond. Additional steps will also be taken to eliminate any differences at year end.

FOLLOW-UP ON PRIOR YEAR FINDINGS

St. Bernard Parish Government

For the year ended December 31, 1996

Program
Requirement

Findings / Noncompliance

Questioned
Costs

General Requirements

Federal Revenue Sharing Department of
Transportation and IFTA Operating /
Administrative - Fixed Assets

- 1) Federal regulations require that proper records be maintained of fixed assets purchased with federal funds. The parish government should identify these assets purchased with federal funds. It is our understanding that the parish government is presently working on implementing a system to keep track of these assets. When implementing their fixed asset system the parish government should include the date of purchase, source of funds used to purchase the fixed asset, and present location of assets purchased with federal funds.

\$ - 00

Response: The Finance Department has implemented a fixed asset program that complies to the requests of the auditors. Assets purchased with federal funds are noted separately in the system.

Specific Requirements

Food Coupon / Reporting

- 1) Reconciliations between the reports filed with the granting agency and the parish's general ledger were not performed. Additionally, allocation of maintenance costs were not adjusted to actual at the end of the year. As a result the reports were incomplete. The following unrecorded and (questioned) costs were discovered:

Grant
Program

Findings

Questioned
Costs

Specific Requirements (Continued)

Community Services Block Grant / Reporting (Continued)

Response: A year end reconciliation has been implemented to ensure that the general ledger and the reports filed correspond with the state. Additional steps will also be taken to eliminate any differences at year end.

Grant
Program

Findings

Quantified
Costs**Specific Requirements (Continued)****Daycare Home Program / Reporting (Continued)**

Response: A year end reconciliation has been implemented to assure that the general ledger and the reports filed correspond with the state. Additional steps will also be taken to eliminate any differences at year end.

Community Services Block Grant / Reporting

- 11) The Community Services Block Grant Monthly Expenditure Reports were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing these reports timely is a violation of the grant and could jeopardize future funding. In order to facilitate accurate and timely preparation of federal financial reports the parish government should consider establishing a separate Special Revenue Fund for each federal program administered by the Department of Human Resources. We recommend that these reports be filed timely and make all responsible individuals aware of the timetable in filing these reports.

5-D

Response: The Human Resources Department has been notified of the importance of filing timely reports. These problems will continually be addressed until they are eliminated.

- 12) Reconciliations between the general ledger and the reports filed with the granting agency were not performed in the current year. These reconciliations should be prepared for all federal reports which are filed. We recommend that the reports be agreed to the general ledger and any differences be documented.

5-D

Grant
Program

Findings

Quantified
Costs

Specific Requirements (Continued)

Section 8 Housing Voucher / Reporting (Continued)

Response: The Human Resources Department experienced several personnel changes that adversely affected the completion of the close out reports for the prior fiscal year. These problems have been rectified and the reports have been filed in a timely manner this year.

- 5) Supporting documentation for the Section Annual Contributions Estimates Report was not maintained. This information is used for projecting estimates in housing assistance payments and tenant rental payments. Proper documentation should be maintained to substantiate the reports. We recommended that the proper documentation be maintained.

3-D

Response: The Human Resources Department has been notified of the importance of maintaining accurate and complete reports.

Daycare Home Program / Reporting

- 10) Reconciliation between the general ledger and the reports filed with the granting agency were not performed in the current year. These reconciliations should be prepared for all federal reports which are filed. In order to facilitate accurate and timely preparation of federal financial reports the parish government should consider establishing a separate Special Revenue Fund for each federal program administered by the Department of Human Resources. We recommended that the reports be agreed to the general ledger and any differences be documented.

3-D

Grant
Program

Findings

Qualified
Costs

Specific Requirements (Continued)

Section 8 Housing Voucher / Reporting (Continued)

Response: The Human Resources Department has been notified that all files must be correct and complete in order for participants in the programs to receive benefits. The department has noted that steps have been taken to eliminate these instances from recurring in the future.

- 7) Budget reports for the Section 8 Voucher Program were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing this report timely is a violation of the grant and could jeopardize future funding. We recommend that these reports be filed timely and make all responsible individuals aware of the timetable in filing these reports.

S-4

Response: The Human Resources Department has been notified of the importance of filing timely reports. The problem will continue to be address until they are eliminated.

- 8) The close out reports (Voucher for Payment of Annual Contributions and Operating Statement and the Balance Sheet) were filed late. These reports should be filed in accordance with the guidelines of the grant. Filing of the required reports late is a violation of the grant and could jeopardize future funding. We recommend that all responsible individuals be made aware of the timetable in filing these reports.

S-4

Client
Program

Findings

Questioned
Costs

Specific Requirements (Continued)

Section 8 Rent Subsidy / Reporting (Continued)

Response: The Human Resources Department has been notified of the importance of maintaining accurate and complete reports.

Section 8 Housing Vouchers / Reporting

- | | |
|--|---|
| <p>6) Upon inspection of the tenant files for Section 8 Voucher Program, various requirements were not met which resulted in the following questioned costs:</p> <p>a) Nine instances were noted where the file did not contain all items required by HUD of which two files did not contain approved housing vouchers, and five files did not contain an approved application.</p> <p>b) Two instances were noted where the rent allowance was not calculated properly.</p> <p>c) One instance was noted where sufficient income documentation was not obtained.</p> <p>d) One instance was noted where the file did not contain a Request for Lease Approval or Lease Agreement between tenant and current landlord.</p> <p>Not questioned costs</p> | <p>9.43</p> <p>319</p> <p>0</p> <p>0</p> <p>339</p> |
|--|---|

During the course of our audit we noted significant improvements in the area of eligibility documentation. Care should be taken to properly record income in order to calculate rent and utility allowances. We recommended that all tenant files be reviewed during the annual recertification process for required documents and all utility and rent calculations be reviewed for accuracy.

Grant
Program

Findings

Questioned
Costs

Specific Requirements (Continued)

Section 8 Rent Subsidy / Reporting (Continued)

Response: Computer software programs have been added to aid in the process of complying with the reporting requirements of the program. The Human Resources Director has stated that progress has been made in eliminating these comments from the audit report.

- 4) The close out reports (Voucher for Payment of Annual Contributions and Operating Statement and the Balance Sheet) were filed late. These reports should be filed in accordance with the guidelines of the grant. Filing of the required reports late is a violation of the grant and could jeopardize future funding. We recommend that all responsible individuals be made aware of the timeliness in filing these reports.

\$ 0.

Response: The Human Resources Department experienced several personnel changes that adversely affected the completion of the close out reports for the prior fiscal year. These problems have been rectified and the reports have been filed in a timely manner this year.

- 5) Supporting documentation for the Section 8 Annual Contributions Estimates Report was not maintained. This information is used for projecting estimates in housing assistance payments and tenet rental payments. Proper documentation should be maintained to substantiate the reports. We recommend that the proper documentation be maintained.

\$ 0.

Grant
Program

Findings

Questioned
Costs**Specific Requirements (Continued)****Section 8 Rent Subsidy / Reporting (Continued)**

- | | |
|---|-------|
| 1) One instance was noted where rent allowance was not calculated properly. | 132 |
| Net questioned costs | \$276 |

During the course of our audit we noted significant improvement in the area of eligibility documentation. Proper care should be taken to record correct annual income information in the allowance calculations. We recommended that all tenant files be reviewed during the annual recertification process for required documents and tenant and landlord allowances be reviewed for accuracy.

Response: The Human Resources Department has been notified that all files must be correct and complete in order for participants in the program to receive benefits. The department has noted that steps have been taken to eliminate these instances from recurring in the future.

- | | |
|--|-------|
| 2) Budget reports for the Section 8 Rent Subsidy program were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing this report timely is a violation of the grant and could jeopardize future funding. We recommended that these reports be filed timely and make all responsible individuals aware of the timeliness in filing these reports. | 5 -0- |
|--|-------|

Grant
Program

Findings

Questioned
Costs**Specific Requirements (Continued)****Food Coupon / Reporting (Continued)**

Response: A year end reconciliation has been implemented to assure that the Food Stamp reimbursements are appropriately requested. An amended report will be filed to clarify the unrecovered costs. The Finance Department will in the future adjust estimated expenses to actual expenses at the end of the fiscal year. However, actual expenses are not truly know until after the year end closing. Therefore, there will always be instances where amended reports will need to be filed.

Section 8 Rent Subsidy / Reporting

- 2) Upon inspection of the tenant files for Section 8 Certificate Programs, various requirements were not met which resulted in the following questioned costs:
- | | |
|---|--------|
| a) One instance was noted where proper support for income verification was not contained in the file. | \$ -0- |
| b) One instance was noted where dwelling failed annual inspection and no indication that deficiency was cleared. | -0- |
| c) Three instances were noted where the file did not contain all forms required by HUD. | -0- |
| d) One instance was noted where the file did not contain a Request for Lease Approval or Lease Agreement between tenant and current landlord. | -0- |
| e) Two instances were noted where utility allowance was not calculated properly. | 244 |

Grant
Program

Findings

Questioned
Costs

Specific Requirements (Continued)

Fiscal Coupon / Reporting

- 1) The allocation of certain costs related to administering the Fiscal Stamp program previously reported to the granting agency was not adjusted to actual at year end. As a result the reports were incomplete. The following unrecovered costs were discovered.

Expense was understated
on PSP-58s from
January 1986 through December 1986

Salaries	\$ 35
Workers' Compensation insurance	20
Health and life insurance	10
Retirement	25
Repairs and maintenance	,200
	370
Federal reimbursement	8,505
Net questioned costs	\$185

We recommend the parish government investigate the unrecorded costs and take the appropriate action.

Grant
Program

Findings

Questioned
Costs

General Requirements (Continued)

All programs (Continued)

- 4) Must be signed by the employee.

For the year ended December 31, 1996 the time records of employees charged to federal programs do not contain documentation on which federal programs were worked on to allow for charging the programs in accordance with A-87. We recommend the parish government comply with the above mentioned requirements of A-87.

\$186,601

Response: The Office of Human Resources will be notified of the necessary reporting aspects of A-87 and will implement the appropriate changes to be in compliance with the circular.

- 7) Federal regulations require that fixed assets purchased with federal fund be identified and properly recorded in a fixed asset system. It is our understanding that these assets purchased with federal funds have been identified and tagged but have not been entered into the fixed asset listing of the First Planning District Consortium (FPDC). We recommend the assets be included in the listing of the FPDC, detailing the funding source, cost, date purchased and asset description in accordance with provisions of OMB Circular A-87.

5.0

Response: The JTPA Department is reviewing the necessary reporting aspects of A-87 and will implement the appropriate changes to the fixed asset program to be in compliance with the circular.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

St. Bernard Parish Government

For the year ended December 31, 1996

Grant Program	Findings	Questioned Costs
General Requirements		
All programs	<p>1) For the year ended December 31, 1996 the revised Office of Management and Budget Circular A-87 (A-87) became applicable for the parish government. Certain provisions of A-87 require various documentation to be complied with regarding direct billed services such as self-insurance premiums. For the year ended December 31, 1996, the parish has not complied with the documentation and certification requirements of A-87 as it relates to federal programs. We recommend the parish government comply with the documentation requirements of A-87.</p> <p>Response: The Finance Department continues to review the circular and the new requirements imposed on the government. The Parish will adhere to all aspects of the circular.</p> <p>2) The provisions of A-87 regulating documentation of salaries and wages for employees who work on more than one federal program requires personnel activity reports (time sheets) which meet the following standards:</p> <ul style="list-style-type: none"> a) Must reflect an after-the-fact distribution of the actual activity of each employee. b) Must account for the total activity for which the employee is compensated. c) Must be prepared at least monthly and must coincide with one or more pay periods. 	\$57,076

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE:
PRIMARY GOVERNMENT**

St. Bernard Parish Government

December 31, 1994

Note 1 - SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-128 SINGLE AUDIT ACT OF 1984

All Federal grant awards of the St. Bernard Parish Government (the Primary Government) are included in the scope of the OMB Circular A-128, Single Audit Act of 1984. The United States Department of Education is the cognizant Federal audit agency and the Louisiana Department of Social Services is the state cognizant audit agency for the single audit.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Financial Assistance has been prepared on the modified accrual basis of accounting.

Note 3 - FINDINGS OF NONCOMPLIANCE

The findings of noncompliance are disclosed in the Schedule 10, Schedule of Findings and Questioned Costs. The potential reimbursement effects of the findings are not ascertainable.

Federal CFDA Number		Expenditures
	Department of Housing and Urban Development	
14-228	Office of Community Development - Disaster Recovery	____ 751,074
	Federal Emergency Management Agency	
83-503	State and Local Programs and Support - Emergency Management Assistance	____ 103,174
	Total Nonmajor Federal Financial Assistance Programs Passed Through State of Louisiana and Local Programs	____ 1,855,758
	Total Federal Financial Assistance	11,065,551
	State Grant and Other Non-Federal Sources	____ 3,119,307
	Total Intergovernmental Sources	<u>14,184,858</u>

Federal CFDA Number		Expenditures
Nonmajor Federal Financial Assistance Programs Received Directly		
Department of Transportation		
20.507	FTA Operating/Capital Grant	189,656
Department of Agriculture		
10.530	Food Distribution Program	1,436
10.548	Commodities	10,617
	Total Department of Agriculture	12,053
	Total Nonmajor Federal Financial Assistance Programs Received Directly	181,209
Nonmajor Federal Financial Assistance Programs Passed Through the State of Louisiana and Local Programs		
Department of Health and Human Services		
13.714	Health Care Financing Agency - Medical Assistance Program	239,867
13.663	Office of Community Services - Community Services Block Grant	113,983
13.818	Social Security Administration - Low Income Home Energy Assistance and Energy Assistance	85,214
	Weatherization	5,326
88.538	Daycare Home Program	95,292
	Total Department of Health and Human Services	519,682

Federal
CFDA
Number

Expenditure

**Major Federal Financial Assistance Programs Passed
Through the State of Louisiana**

Department of Labor

17.246 -	Jobs Training Partnership Act - Title II-A	734,463
17.250	Jobs Training Partnership Act - Title II-B	529,547
	Jobs Training Partnership Act - Title II-C	474,719
	Jobs Training Partnership Act - Title II-D	172,137
	Jobs Training Partnership Act - Title III-F	786,024
	Jobs Training Partnership Act - 6% Jobs Training Partnership Act - 6%	113,346
	Jobs Training Partnership Act - 6%	14,754
	Jobs Training Partnership Act - 5%	21,789
	Jobs Training Partnership Act - Project Independence	191,660
	Career Net	54,967
	Job Net	<u>23,133</u>
	Total Department of Labor - Passed Through the State of Louisiana	<u>3,030,590</u>
	Total Major Federal Financial Assistance Programs	<u>10,009,832</u>

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE -
PRIMARY GOVERNMENT**

St. Bernard Parish Government

For the year ended December 31, 1996

Federal CFDA Number		Expenditures
	Major Federal Financial Assistance Programs Received Directly	
	Department of Agriculture	
10.551	Food Coupon Program (Value of coupons issued)	\$ 3,713,851
10.551	Administrative Costs of Food Coupons Distribution	40,899
	Total Department of Agriculture	3,754,750
	Department of Housing and Urban Development	
14.156	Lower Income Housing Assistance Program (Sec. 8)	865,408
14.177	Housing Voucher	359,179
	Total Department of Housing and Urban Development	1,224,587
	Total Major Federal Financial Assistance Programs Received Directly	4,979,337

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of St. Bernard Parish Governments taken as a whole. The accompanying Schedule of Federal Financial Assistance presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in the schedule 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.

Burgess Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
May 23, 1997.



Georgian Bennett

**INDEPENDENT AUDITOR'S REPORT ON
SCHEDULE OF FEDERAL FINANCIAL
ASSISTANCE - PRIMARY GOVERNMENT**

To the St. Bernard Parish Council,
Culacritz, Louisiana.

We have audited the general purpose financial statements of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 13, 1997. These general purpose financial statements are the responsibility of the St. Bernard Parish Government. 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 Proprietary Fund - Enterprise Fund and the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities mentioned above is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audit of State and Local Government*. These standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
May 23, 1997.



Comptroller General

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON
COMPLIANCE WITH SPECIFIC REQUIREMENTS
APPLICABLE TO NONMAJOR FEDERAL FINANCIAL
ASSISTANCE PROGRAM TRANSACTIONS**

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

We have audited the general purpose financial statements of the St. Bernard Parish Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997.

In connection with our audit of the general purpose financial statements of the St. Bernard Parish Government's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, *Audit of State and Local Governments*, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching; reporting; and special tests and provisions that are applicable to these transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the St. Bernard Parish Government's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe the St. Bernard Parish Government had not complied, in all material respect, with these requirements. However, the results of our procedures did disclose immaterial instances of noncompliance with these requirements, which are described in the accompanying Schedule of Findings and Qualified Costs.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Questioned Costs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, St. Bernard Parish Government (the Primary Government) complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching; and level of effort; reporting; and claims for advances and reimbursements and other specific requirements contained in OMB Compliance Supplement for Single Audit of State and Local Governments that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1996.

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

Bougeois Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
May 23, 1997.



Louisiana Success

**INDEPENDENT AUDITOR'S SINGLE AUDIT
REPORT ON COMPLIANCE WITH SPECIFIC
REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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

We have audited the general purpose financial statements of the St. Bernard Parish Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997.

We have also audited St. Bernard Parish Government's compliance with the requirements governing types of services allowed or unallowed, eligibility, matching and level of effort, reporting, and claims for advances and reimbursements, and other specific requirements contained in OMB Compliance Supplement for Single Audit of State and Local Governments that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1996. The management of St. Bernard Parish Government is responsible for St. Bernard Parish Government's compliance with these requirements. Our responsibility is to express an opinion on compliance with these requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standard and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit included examining, on a test basis, evidence about St. Bernard Parish Government's compliance with these requirements. We believe that our audit provides a reasonable basis for our opinion.

With respect to the items tested, the results of those procedures disclosed no material instance of noncompliance with the requirements listed in the second paragraph. With respect to items not tested, except for noncompliance with the Administrative Requirements regarding fixed assets, nothing came to our attention that caused us to believe that St. Bernard Parish Government had not complied, in all material aspects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with these requirements which are described in the accompanying Schedule of Findings and Questioned Costs.

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

Bouguier Bennett, LLC.

Certified Public Accountants.

New Orleans, La.,
May 23, 1997.



Seigneurie Bureau

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT ON
COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL
ASSISTANCE PROGRAMS**

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

We have audited the general purpose financial statements of the St. Bernard Parish Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997.

We have applied procedures to test St. Bernard Parish Government's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1996.

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Cost/Cost Principles
- Drug Free Workplace Act
- Administrative Requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on St. Bernard Parish Government's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

Material instances of non-compliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of our tests of compliance disclosed the following material instances of non-compliance, the effects of which have been corrected in St. Bernard Parish Government's 1996 general purpose financial statements.

The St. Bernard Parish Government was not in compliance with the Louisiana Budget Act. Louisiana Revised Statute 39:1314 requires that the St. Bernard Parish Government amend their budget when total revenues and other sources are falling 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. Several instances were noted where revenues and other sources fell by more than 5% of projected revenues and where expenditures and other uses exceeded the projected budget by 5% or more (See Plate 3 in the notes to the general purpose financial statement of a detailed listing of 5% variances.) We recommend that all responsible parties be made aware of the requirements of the Louisiana Budget Act and the importance of complying with all aspects of the law.

We considered the above instances of non-compliance in forming our opinion on whether the 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated May 23, 1997 on those general purpose financial statements.

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

Bougie Bennett, LLC.

Certified Public Accountants

New Orleans, La.
May 23, 1997.



Georgian Bureau

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF THE PRIMARY GOVERNMENT
GENERAL PURPOSE 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 Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997.

We did not audit the financial statements of the Proprietary Fund - Intergovernmental Fund and the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the entities mentioned above is based solely upon the reports of the other auditors. This report on compliance relates to the Primary Government general purpose financial statements of the St. Bernard Parish Government (the Primary Government).

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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to St. Bernard Parish Government is the responsibility of St. Bernard Parish Government's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the parish government's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

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

Bougeois Bennett, L.L.P.

Certified Public Accountants.

New Orleans, La.,
May 23, 1997.

1) **Condition** - Through testing of the cash receipts and disbursements systems in the JTPA program, it was discovered there is a lack of separation of duties. One person is responsible for reviewing invoices, coding invoices to various programs, processing invoices for payment, having checks signed by the check signing machine, and requesting funds from government agency for payment of invoices. It is our understanding that the person who is responsible for reconciling bank statements and posting receipts and disbursements to the general ledger on occasion performs the previously mentioned duties.

Recommendation - We recommend that someone independent of the review, approval and processing of cash disbursements receive the bank statements unopened and review the cancelled checks and statements for unusual items.

Response - JTPA is operating under the procedures recommended by the auditors. Bank statements are received and reviewed by an employee independent from other duties mentioned in the comment.

2) **Condition** - For the year ended December 31, 1989 reconciliations between the federal reports filed with the granting agency and the general ledger were not done for the three federal programs.

Recommendation - We recommend that reports be reconciled to the general ledger so as not to jeopardize funding of the various programs.

Response - A year end reconciliation has been implemented to assure that the general ledger and the reports filed correspond with the state. Additional steps will also be taken to eliminate any differences at year end.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce, to a relatively low level, the risk that noncompliance with laws and regulations that would be material to a Federal financial assistance program 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 structure policies and procedures used in administering federal financial assistance would not be necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We noted other matters involving the internal control structure and its operation that we have reported to the management of St. Bernard Parish in a separate letter dated May 23, 1997.

General Requirements

- Political Activity
- Civil Rights
- Cash Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace Act
- Administrative Requirements

Specific Requirements

- Matching and Level of Effort
- Reporting
- Types of Service
- Eligibility
- Claims for Advances and Reimbursements

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1996, the St. Bernard Parish Government expended 99% of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the parish government's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involved matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the parish government's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.

In planning and performing our audit for the year December 31, 1996, we considered the internal control structure of St. Bernard Parish Government in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the St. Bernard Parish Government, and on the compliance of St. Bernard Parish Government with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated May 23, 1997.

The management of St. Bernard Parish Government 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, that transactions are conducted in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Accounting Controls

- Cash Receipts
- Purchasing
- Treasury
- Financial Reporting
- Payroll
- Data Processing
- Property and Equipment



BOURGEOIS BONNETT

**INDEPENDENT AUDITOR'S SINGLE AUDIT REPORT
ON THE INTERNAL CONTROL STRUCTURE USED IN
ADMINISTERING FEDERAL FINANCIAL
ASSISTANCE PROGRAMS**

To the St. Bernard Parish Council,
Charrette, Louisiana.

We have audited the general purpose financial statements of the St. Bernard Parish Government (the Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997. We have also audited the St. Bernard Parish Government's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 23, 1997.

We did not audit the financial statements of the Property Fund - Enterprise Fund and the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors and our report on internal control does not include those entities. A separate report was issued on the blended component unit, St. Bernard Parish Library.

This report on internal control relates to the Primary Government general purpose financial statements of the St. Bernard Parish Government (the Primary Government) which is responsible for federal funds except for those component units described above on which separate reports have been issued.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-128, *Quality of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the St. Bernard Parish Government complied with laws and regulations, non-compliance with which would be material to a major federal financial assistance program.

Response - JITA is operating under the procedures recommended by the auditors. Bank statements are received and reviewed by an employee independent from other duties mentioned in the comment.

- 2) **Condition** - For the year ended December 31, 1996 reconciliations between the federal reports filed with the granting agency and the general ledger were not done for the three federal programs.

Recommendation - We recommend that reports be reconciled to the general ledger so as not to jeopardize funding of the various programs.

Response - A year end reconciliation has been implemented to assure that the general ledger and the reports filed correspond with the state. Additional steps will also be taken to eliminate any differences at year end.

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 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

We also noted other matters involving the internal control structure and its operation that we have reported to management of St. Bernard Parish in a separate letter dated May 23, 1997.

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

Bougeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.,
May 23, 1997.

Note 16 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE 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, 13 retirees were eligible and receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the Division. Retirees and active employees are responsible for dependent coverage costs. The Division reimburses the first \$20,000 of validated claims for medical and hospitalization costs incurred by pre-Medicare retirees and their dependents. Expenditures for postretirement health care benefits are recognized as retirees report claims and include a provision for estimated claims incurred but not yet reported to the Division. During the year, expenditures of approximately \$40,541 were recognized for postretirement health care.

Note 17 - SELF INSURANCE

Enterprise Funds

The St. Bernard Parish Government Department of Public Works Water and Sewer Division is self-insured for hospitalization claims up to approximately \$20,000 per employee or an aggregate of approximately \$230,884 per year. The excess is insured under an insurance policy. The fund is administered by an independent insurance service company.

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:

Claims liability at December 31, 1995	\$ 41,834
Less claims paid during 1996	(195,558)
Plus claims incurred	<u>405,511</u>
Claims liability at December 31, 1996	\$ <u>40,787</u>

The claims liability at December 31, 1996 is presented at current value and has not been discounted.

**Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)**

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

Reserve for Debt Service

The reserve for debt service 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 1988, 1991 and 1994 revenue bond. 2) The debt service reserve account accumulates interest on the \$1,111,165 of bond proceeds set aside for the benefit of bond holders. In addition, the related 1988, 1991 and 1994 bond principal and accrued interest reduces the reserve. As of December 31, 1996, the reserved fund balance is \$698,993.

The components of the reserve accounts are as follows:

	Capital Renewal and Replacement	Reserve For Construction	Reserve For Debt Service	Total
Assets				
Cash and cash equivalents	\$ (254,225)	\$ -	\$ 1,285,644	\$ 991,419
Accounts receivable	-	346,580	-	346,580
Property, plant and equipment and bond issuance cost - net	6,163,932	12,455,442	-	23,689,374
Total assets	<u>5,809,707</u>	<u>12,801,942</u>	<u>1,285,644</u>	<u>24,877,293</u>
Liabilities				
Current portion of bonds payable	-	-	629,000	629,000
Accrued interest payable	-	-	238,472	238,472
Other liabilities	26,017	138,273	-	194,290
Lease payable	29,144	-	-	29,144
Long-term 1991 and 1994 revenue bonds payable	-	7,048,833	1,111,165	8,160,000
Total liabilities	<u>55,161</u>	<u>7,187,206</u>	<u>1,964,637</u>	<u>9,207,004</u>
Contributed Capital	<u>-</u>	<u>9,126,842</u>	<u>-</u>	<u>9,126,842</u>
Reserved Retained Earnings	<u>\$5,724,546</u>	<u>\$ 1,487,890</u>	<u>\$ 698,993</u>	<u>\$ 6,911,429</u>

Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)

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

Reserve for Capital Renewal and Replacement

The reserve for capital renewal and replacement accumulates monies to cover 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 to 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 commission funds are included in the reserve per board resolution. The reserved retained earnings are \$5,728,546 at December 31, 1996.

Reserve for Construction

The reserve for construction was established in accordance with bond requirements and commission resolution. The reserved funds pay for construction projects required by the United States Environmental Protection Agency. The commission also irrevocably pledges money held in this reserve to the bond holders as additional security for the bonds. Upon completion of the projects, any remaining funds will be reserved for debt service to satisfy any deficiency in funds needed to pay principal and interest on the \$10,658,000 bond issue dated August 1, 1986 and principal and interest on the \$1,358,000 bond issue dated December 1, 1991 and principal and interest on the \$7,950,000 bond issue dated April 11, 1994. In addition, the construction projects are capitalized when completed and included in the reserve and the long-term portion of the 1986, 1991 and 1994 revenue bonds payable to reduce the reserve. The reserved retained earnings are \$1,487,892 at December 31, 1996.

**Note 15 - RESERVED AND DESIGNATED FUND BALANCES/RETAINED EARNINGS
(Continued)**

a) Governmental Funds - Reserved Fund Balances

Reserve for Incomplete Projects

The parish government reserved \$476,435 for incomplete projects as of December 31, 1996.

Reserve for Debt Service

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

	<u>Debt Service Funds</u>
Balance December 31, 1995	\$ 2,336,471
Payments	(6,333,047)
Collections	1,474,455
Loan Proceeds	<u>2,340,000</u>
Balance December 31, 1996	<u>\$ 2,817,879</u>

Designated Fund Balances

The St. Bernard Parish Library's Board designated \$500,000 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 three reserves as reflected on the balance sheet.

Note 14 - SUPPLEMENTAL PAY

In addition to the compensation paid to St. Bernard Parish Government's employees, employees who are firemen, may be eligible to receive supplemental pay. Each type of employee is governed by their particular revised statute. The amount of the compensation is determined by State Law and is revised periodically.

As per Louisiana Revised Statute 33:2002, any full-time, regular employee of the parish fire protection district who is hired after March 31, 1986 and who has passed a certified fireman's training program equal to the National Fire Protection Association Standard 1001 and who is paid three hundred dollars per month from public funds is eligible for supplemental pay. These full-time employees are carried on the payroll paid from funds of the parish obtained through lawfully adopted bond issues or lawfully assessed taxes, either directly or through a board or commission set up by law or ordinance. Employees employed by the fire districts are not eligible for supplemental pay if they are presently drawing a retirement or disability pension, clerical employees and mechanics and fire crew employees who have not passed a certified fireman's training program but are hired after March 31, 1986. State supplemental pay for fire fighters must be taken into account in calculating fire fighters longevity pay, holiday pay, and overtime pay. The period of service for computing additional compensation includes prior service of employees who have returned or who hereafter return to such service provided that service in any parish or fire protection district fire department shall be used in computing such prior service which includes full-time employees of a volunteer fire department.

As of December 31, 1996, the Parish has recognized \$322,747 in revenues (other state funds) and expenditures (salary supplements) that the State of Louisiana has paid directly to the Parish's employees.

Note 15 - 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.

Note 13 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

b) Firefighters' Retirement System (Continued)

Funding Policy - Plan members are required to contribute 8% of their taxable 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 are established as may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1996, 1995 and 1994 were \$283,543, \$294,882 and \$222,879, respectively, equal to the required contributions for each year.

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (Systems), a cost-sharing multiple employer public employees 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 1994 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.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. In addition, the Sheriffs and on-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 7.5% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1996, 1995, and 1994 was \$5,113, \$4,703 and \$1,993, respectively, equal to the required contributions for each year.

Note 13 - EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 11:1981 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 70808-4619.

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 7.25% of annual payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 1996, 1995 and 1994 were \$330,840, \$411,113 and \$485,373, respectively, equal to the required contributions for each year.

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-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 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 Silverstone Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Note 11 - FOOD STAMP PROGRAM - GOVERNMENTAL FUNDS (Continued)

Activity of food stamps for the year ended December 31, 1996 is as follows:

Balance January 1, 1996	\$ 1,565,280
Received	5,538,068
Issued	(5,213,851)
Balance December 31, 1996	<u>\$ 1,889,497</u>

Note 12 - 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 8.775%. 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 Home Mortgage Authority and receives compensation for services rendered.

In addition to the customary insurance required of the mortgages, the mortgage loans are insured by the Home Mortgage Authority under pool insurance policies. 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 13 - 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, 1996 was \$9,946,381 (which includes a parish payroll of \$7,703,858 and St. Bernard Parish Government Department of Public Works Water and Sewer Division payroll of \$2,152,543.)

Note 9 - INTERFUND PAYABLES AND RECEIVABLES (Continued)

Funds	Interfund Receivables	Interfund Payables
General Fund	\$ 405,956	\$ 842,216
Special Revenue Funds	120,087	3,298,014
Debt Service Funds	171,908	131,690
Capital Projects Funds	-	200,348
Internal Service Fund	<u>1,548,690</u>	<u>193,813</u>
Totals	<u>\$4,665,951</u>	<u>\$4,665,951</u>

Note 10 - LITIGATION

At December 31, 1996, the parish government is a defendant in numerous lawsuits seeking damages which could not be quantified. These lawsuits are in various stages of resolution and their outcome cannot be precisely determined. Accordingly, no provision for any liability that may result has been made in these general purpose financial statements.

The parish government is involved in several claims for which the parish's exposure ranges from \$10,000 to \$850,000. No provision for any liability that may result from these claims has been made at December 31, 1996 in these general purpose financial statements.

The St. Bernard Parish Government Department of Public Works Water and Sewer Division is involved in various claims for alleged negligence. The exposure to the organization is estimated to be approximately \$107,865. The estimated claims liability is computed based on information received from the insurance company. The claims liability of \$107,865 at December 31, 1996 is presented at current value and has not been discounted.

Note 11 - FOOD STAMP PROGRAM - GOVERNMENTAL FUNDS

The Food Stamp Program is operated by the parish government under an agreement with the Louisiana Department of Social Services. Under this program the parish government is responsible for the issuance of food stamps to eligible participants in the parish. The value of food stamps on hand, received and issued is not recorded in the general purpose financial statements.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

d) Home Mortgage Authority (Continued)

Bonds Payable (Continued)

The indenture of the 1992 Series B-1 issue requires monies remaining in the Bond Fund Account of the 1992 Series B-1 issue will 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 accrued value of the bonds as of the date of redemption:

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

Note 9 - INTERFUND PAYABLES AND RECEIVABLES

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, 1996:

Note B - GENERAL LONG-TERM OBLIGATIONS (Continued)

d) Home Mortgage Authority (Continued)

Bonds Payable (Continued)

Single Family Mortgage Refunding Bonds: 1991 program, due 1993-2012, 8%	2,076,700
1992 program Series B-1, due 2011, 7.5% stated rate, discounted to yield approximately 7.84%, unamortized discount was \$48,807 at March 31, 1997	975,421
1992 program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$158,050 at March 31, 1997	41,250
Total	<u>\$3,014,360</u>

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 procedure of the Trust Indenture. 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 Refund Account in an amount equal to the excess non-taxi corporate 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 an amount equal to 1/12 of .55% per annum of the aggregate principal amount of outstanding bonds.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

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 program by the Authority.

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 \$1,624,319 in underwriting fees, issuance costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase Government securities. These 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 these bonds was removed from the general purpose financial statements as of March 31, 1993. As March 31, 1997, \$13,960,000 of the defeased bonds are 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 \$2,238,033 at March 31, 1997	\$800,286
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Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Revenue Bonds (Continued)

- 3) A accrual and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to cover 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, 1998, the cash and cash equivalent balances in the debt service account, the debt service reserve account and the renewal and replacement account were \$150,694, \$1,115,840 and \$(154,225), respectively. The account balance in the debt service reserve account exceeds the minimum requirements of the bond indenture. The account balances in the debt service account and the renewal and replacement account are less than 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 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 1,216,000	\$ 441,640	\$ 1,657,640
1998	1,241,000	581,840	1,822,840
1999	1,136,000	323,288	1,459,288
2000	1,164,000	465,565	1,629,565
2001	1,201,000	489,315	1,690,315
2002-2001	<u>6,359,000</u>	<u>1,281,388</u>	<u>7,640,388</u>
Totals	\$12,346,000	\$3,813,736	\$16,159,736

Customer Deposits

The Division has used funds from the Customer Meter Deposit Fund to pay operating expenses and capital improvements. At December 31, 1998, the customer meter deposits cash account had a balance of \$50,480 and the customer meter deposits liability was \$995,225.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Revenue Bonds (Continued)

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 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 1985, 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 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 coming fiscal year plus any required deposit to the Debt Service 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, 1996, is 1.19 to 1. The ratio is less than the minimum requirement of the bond indenture. The bond agreement requires the Division to establish and maintain the following accounts:

- 1) 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.
- 2) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division (Continued)

Public Improvement And General Obligation Bonds (Continued)

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

1. \$2,500,000 Public Improvement Bonds of the Water District No. 1 issue of September 1, 1973, due in annual installments of \$155,000 bearing an interest rate of 5.70% through March 1, 1998. Amount outstanding - \$700,000.
2. \$675,000 General Obligation Refunding Bonds of the Sewer District No. 1 issue of September 1, 1991, due in annual installments of \$10,000 to \$90,000 bearing interest rates of 5.2% to 6.3% through March 1, 2000. Amount outstanding - \$505,000.
3. \$240,000 Public Improvement Bonds of the Sewer District No. 2 issue of June 1, 1971, due in annual installments of \$1,000, bearing an interest rate of 6% through February 1, 2001. Amount outstanding - \$5,000.
4. \$3,285,000 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 5.2% to 6.65% through March 1, 2005. Amount outstanding - \$2,093,000.

Revenue Bonds

On April 1, 1994, the Commission defunded a portion of the 1988 Revenue Bond in the amount of \$7,185,000 with an interest rate ranging from 7.50% to 8% and debt service payments from \$400,000 to \$990,000 by issuing \$7,950,000 Series 1994 Revenue Refunding Bonds. The interest rate on the new bonds ranges from 3% to 5.2% and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments ranging from \$115,000 to \$940,000. The balance outstanding at December 31, 1995 is \$7,665,000. The 1991 Revenue Bonds are due in annual principal installments of \$40,000 to \$135,000, bearing interest rates of 6.00 to 7.10% through August 1, 2001. The balance outstanding at December 31, 1995 is \$1,165,000.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

c) Proprietary Fund Types - The Division

The following is a summary of long-term liabilities and the current portion due at December 31, 1996:

	Water and Sewer Division	Water District No.1	Sewer District		Total
			No.1	No.2	
Public improvement general obligation and revenue bonds payable	\$8,833,344	\$110,000	\$503,000	\$2,695,000	\$12,141,344
Capital lease payable	28,144	-	-	-	28,144
	8,861,488	310,000	503,000	2,695,000	12,369,488
Less current portion:					
Public improvement and revenue bonds payable	670,000	155,000	60,000	331,000	1,216,000
Capital lease payable	17,585	-	-	-	17,585
Long-term portion	\$8,173,903	\$155,000	\$443,000	\$2,364,000	\$11,135,903

Public Improvement And General Obligation Bonds

Public improvement and general obligations 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 statutory debt limitation for each district follows:

	Limitation	Outstanding Debt
Water District: No. 1	\$22,398,677	\$ 310,000
Sewer District: No. 1	3,692,064	503,000
No. 2	19,893,188	2,695,000
Totals	\$45,973,929	\$3,510,000

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

b) Governmental Fund Types (Continued)

i) Other Long-Term Obligations (Continued)

During 1995, the U.S. Congress passed House Bill 640 Section 325 which relieved St. Bernard Parish Government of its liability on the previously described project. Accordingly, the \$6,330,000 previously reported in the General Long-Term Account Group has been retired during 1995.

Following is a summary of the changes in other long-term liabilities for the year ended December 31, 1996:

Balance at December 31, 1995	\$ 6,330,000
Release from obligation	(6,330,000)
Balance at December 31, 1996	\$ _____

iii) Current Year Defeasance of Debt

On April 19, 1996, the parish government issued \$2,748,000 of Public Improvement Refunding Bonds, Series 1996 with a yield of 4.71% to refund \$2,750,000 of Public Improvement Refunding Bonds, Series 1986 outstanding with an average interest rate of 8%. The net proceeds of \$2,791,812 (after payment of \$38,888 in insurance and issuance costs) plus an additional \$364,911 of old debt service funds were used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the above Public Improvement Refunding Bonds, Series 1986. As a result, these bonds are considered to be defeased and the liability for the bonds have been removed from the General Long-Term Debt Account Group. The parish government advance refunded the bonds for a net savings of \$443,263 and an economic gain of \$329,148.

Note 8 - GENERAL LONG-TERM OBLIGATIONS (Continued)

b) Governmental Fund Types

i) Bonds Payable

Scheduled payments for each of the next five years are as follows:

1997	\$ 747,158
1998	832,549
1999	888,618
2000	943,487
2001	998,956
Thereafter	<u>6,087,222</u>
Total	<u>\$10,457,489</u>

ii) Other Long-Term Obligations

The parish government and the Lake Borgne Basin Levee District have jointly furnished assurances to the Department of the Army, New Orleans District, Corps of Engineers to maintain a contribution rate consistent with the Flood Control Act of 1965 modified by the Water Resources Development Act of 1974 (PL-93-1) for the Lake Pontchartrain Hurricane Protection Project.

Based on the assurances furnished, the parish government and the Levee District are obligated to make a cash contribution in the amount of \$8,738,000 to the project. The Water Resources Development Act of 1990 signed November 1990 proposed the 6.73 million balloon payments to 1991. On October 31, 1992, House Bill 4057 was signed into law which allowed the St. Bernard Parish Government to further defer payment of their share of the project until a study is conducted which reevaluates the portion of benefits which were expected to accrue to the parish but which were not realized. The bill requests the Secretary to reduce the non-federal share of the capital costs and operation and maintenance attributable to the parish by the percentage of expected benefits which were not realized, if any.

The total cost of the projects (Federal and non-federal) is \$35,900,000.

Note 7 - LEASES (Continued)

The Division also receives lease income from two different tower lease agreements. The first lease is \$5,000 per year for a period of five years beginning August 9, 1995. The lease can be renewed for four additional five-year periods. The second lease is for \$8,000 per year. The lease commenced June 28, 1996 and is for a period of five years. The agreement can be renewed for four additional five-year periods.

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

1997	\$13,500
1998	13,500
1999	13,500
2000	8,500
2001	5,500
Thereafter	<u>7,500</u>
Total	<u>\$59,000</u>

Rental income for the year was \$13,500.

Note 8 - 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, 1996.

	General Long-term Debt	Exceptional Fund	Total Primary Government	Total Component Unit	Total Reporting Entry
Balance at					
December 31, 1995	\$10,744,314	\$13,571,000	\$24,315,314	\$4,056,261	\$28,411,575
Additions	3,121,721	-	3,121,721	62,946	3,184,667
Reductions	(3,488,395)	(1,231,000)	(4,618,395)	(244,847)	(4,864,477)
Balance at					
December 31, 1996	\$10,457,440	\$12,340,000	\$22,797,440	\$3,814,360	\$26,711,800

Note 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

b) Investments (Continued)

The parish government's investments are categorized below to give an indication of the level of risk assumed by the parish government at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the parish government or in the parish government's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer'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 broker or dealer, or by its trust department or agent but not in the parish government's name.

	<u>Market</u> <u>Value</u>	<u>Carrying</u> <u>Value</u>	Category
Governmental Funds			
Certificates of deposit	\$1,831,090	\$1,831,090	1
Internal Service Fund			
Self-Insurance Fund			
Certificates of deposit	400,000	400,000	1
Component Unit			
St. Bernard Parish Home Mortgage Authority:			
Guaranteed investment contracts	96,243	96,243	2
U.S. Government securities	<u>898,978</u>	<u>156,153</u>	2
Totals	<u>\$3,026,211</u>	<u>\$3,883,248</u>	

U.S. Government securities and guaranteed investment contracts are marked at amortized cost.

The board of directors of the Authority authorizes the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

a) Cash (Continued)

i) Proprietary Funds - Enterprise Funds - The Division (Continued)

Cash (Continued)

For purposes of the Statement of Cash Flows for the Division cash and cash equivalents consist of the following accounts:

	End of Year	Beginning of Year
Nonrestricted cash	\$197,798	\$117,919
Restricted cash	1,298,968	1,828,227
Total cash and cash equivalents	<u>\$1,496,766</u>	<u>\$2,046,146</u>

ii) Home Mortgage Authority

The Authority has deposits (bank balances) of \$513 as of March 31, 1997. The deposits are insured by FDIC insurance.

The Authority invests in the Municipal Treasury Securities Money Market Fund which is considered a cash equivalent. The Municipal Treasury Securities Money Market Fund invests exclusively in obligations issued by the U.S. Treasury and backed by its full faith and credit and its repurchase agreements involving such obligations. However, an investment in the fund is neither insured nor guaranteed by the U.S. Government. The Money Market Funds are held by a subcustodian in the name of the Authority. The Funds are managed by the Trustee Bank of the Authority.

b) Investments

Under state law the entity may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the entity may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The management of St. Bernard Parish Government 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 general purpose 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 St. Bernard Parish Government for the year ended December 31, 1996, we considered its 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.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

- 1) **Condition** - Through testing of the cash receipts and disbursements systems in the ITGA program, it was discovered there is a lack of separation of duties. One person is responsible for reviewing invoices, coding invoices to various programs, processing invoices for payment, having checks signed by the check-signing machine, and requesting funds from governmental agency for payment of invoices. It is our understanding that the person who is responsible for reconciling bank statements and posting receipts and disbursements to the general ledger on occasion performs the previously mentioned duties.

Recommendation - We recommend that someone independent of the review, approval and processing of cash disbursements receive the bank statements unopened and review the cancelled checks and statements for unusual items.



Bourgeois Bennett

**INDEPENDENT AUDITOR'S REPORT ON THE
INTERNAL CONTROL STRUCTURE BASED ON AN
AUDIT OF THE PRIMARY GOVERNMENT GENERAL
PURPOSE 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 Primary Government), State of Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated May 23, 1997.

We did not audit the financial statements of the Proprietary Fund - Enterprise Fund and the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors and our report on internal control does not include these entities. A separate report was issued on the blended component unit, St. Bernard Parish Library.

This report on internal control relates to the Primary Government general purpose financial statements of the St. Bernard Parish Government (the Primary Government) which is responsible for Federal funds except for those component units described above on which separate reports have been issued.

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

SPECIAL REPORTS ON CERTIFIED PUBLIC ACCOUNTANTS

COMPENSATION PAID PARISH COUNCIL MEMBERS

St. Bernard Parish Government

For the year ended December 31, 1996

Daniel Dypert, Council Chairman	\$ 8,250
Colvin H. Collins	415
Claris Piro	6,785
Clay A. Cause	7,200
Joseph DiStata, Jr.	6,785
Scott Wolfe	415
Justin Hunter	6,785
James J. Licciardi, Jr.	415
Craig Taffeo	6,785
Henry J. Rodriguez, Jr.	2,200
Total	\$51,130

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 four 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 first president of the parish government shall be \$45,000 per annum.

Schedule 7
(Continued)

	Additions	Redemptions	Long-Term Outstanding Balance December 31, 1995	Maturity Outstanding December 31, 1995	Interest Rate
\$	-	\$ 465,000	\$ -	-	-
	-	40,000	1,165,000	1997 - 2011	6.00 - 7.00
	-	130,000	7,685,000	1997 - 2006	4.00 - 5.20
	-	135,000	310,000	1997 - 1998	5.70
	-	50,000	505,000	1997 - 2000	5.90 - 6.50
	-	150,000	-	-	-
	-	1,000	5,000	1997 - 2001	6.00
	-	250,000	2,090,000	1997 - 2009	5.90 - 6.60
	-	1,231,000	12,340,000		
	99,320	-	820,285	1997 - 2014	7.65
	-	182,373	2,006,700	1997 - 2012	8.00
	-	62,475	975,425	1997 - 2001	7.84
	3,626	-	41,950	1997 - 2004	9.25
	62,946	244,847	5,914,300		
\$	\$ 62,946	\$ 1,473,847	\$ 16,264,300		

	Date of Issue	Original Issue	Long-term Outstanding Balance December 31, 1995
Enterprise Funds			
Water Division			
Revenue Bonds	Aug. 1, 1986	\$ 18,850,000	\$ 465,000
Revenue Bonds	Dec. 1, 1991	1,350,000	1,206,000
Revenue Bonds	Aug. 1, 1994	7,950,000	7,383,000
Water District No. 1:			
Public improvement bonds	Sept. 1, 1973	2,400,000	468,000
Sewer District No. 1			
General obligations bond	Sept. 1, 1991	625,000	555,000
Sewer District No. 2:			
Public improvement bonds	Aug. 1, 1986	1,675,000	150,000
Public improvement bonds	June 1, 1991	240,000	6,000
General obligations bonds	Sept. 1, 1993	3,285,000	2,840,000
Total Water and Sewer Division		28,335,000	13,571,000
Home Mortgage Authority:			
Single Family Revenue Bonds - 1993 Program Series C		687,500	780,964
Single Family Refunding Bonds - 1993 Program		4,433,800	2,299,075
1992 Program Series B-1		1,819,853	1,007,896
1992 Program Series B-2		38,218	38,324
Total Home Mortgage Authority		6,859,371	4,096,260
Total Enterprise Funds		\$ 35,234,371	\$ 17,667,260

Schedule 7

Additions	Redemptions	Long-Term Outstanding Balance December 31, 1996	Maturities Outstanding December 31, 1996	Interest Rate
\$ -	\$ 185,000	\$ 2,255,000	1997 - 2002	5.75
-	2,015,000	-	-	-
2,740,000	-	2,740,000	1997 - 2006	3.75 - 5.00
381,721	-	381,721	1997 - 2006	5.25
-	2,595	28,719	1997 - 2002	62.70
-	182,000	5,034,000	1999 - 1999	6.50 - 11.00
3,121,721	2,808,595	63,653,440		
-	* 6,700,000	-		
\$ 3,121,721	\$ 10,138,595	\$ 10,457,440		

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

St. Bernard Parish Government

For the year ended December 31, 1996

	Date of Issue	Original Issue	Long-term Outstanding Balance December 31, 1996
Governmental Fund Bonds			
Public Improvements:			
Series ST - 1977	June 1, 1977	\$ 3,250,000	\$ 3,250,000
Series ST - 1986	Aug. 1, 1986	3,750,000	2,915,000
Series ST - 1996	April 9, 1996	2,740,000	-
Special assessment:			
Venezuela Industrial Park Project	October 24, 1996	381,711	-
General obligation:			
Series 1982-D	June 15, 1982	60,000	34,514
Series 1990	Feb. 1, 1990	5,820,000	3,235,000
Total bonds		\$ 18,131,711	10,744,514
Other Long-Term Obligations			
Corps of Engineers:			
Hurricane protection project	1974		6,738,800
Total general long-term debt			\$ 17,474,314

* Amount represents a release from obligation by the United States Government.

Schedule 6

Public Improvement Bond Series D, E, F, G Fund	Damage Construction Bonds of 1967 and 1982 Fund	Capital Projects Fund	Courthouse Capital Fund	Total
\$ -	\$ -	\$ 280,630	\$ -	\$ 280,630
6,635	1,000	9,680	63	23,655
-	230,340	-	-	230,340
-	-	217	-	217
6,635	231,648	300,527	63	545,862
3,260	3,201,228	949,635	-	4,158,159
-	-	907,966	-	907,966
3,260	3,201,228	1,857,601	-	5,866,125
(625)	(2,966,580)	(1,557,074)	63	(4,521,863)
-	381,721	-	-	381,721
46,416	626,320	829,526	90,000	1,632,262
-	-	(46,416)	-	(46,416)
46,416	1,028,841	783,110	90,000	1,957,267
45,791	(1,931,539)	(771,964)	90,063	(2,563,496)
22	2,155,387	794,818	-	3,007,046
\$ 45,813	\$ 423,848	\$ 20,854	\$ 98,063	\$ 740,550

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

St. Bernard Parish Government

For the year ended December 31, 1996

	Drainage and Siphon Fund	Fire (Districts 1-2 C.I. Series Road Fund)	Road District Project Road Fund
Revenues			
Other state funds	\$ -	\$ -	\$ -
Use of money and property	5,719	147	325
Special assessments	-	-	-
Other revenues	-	-	-
Total revenues	5,719	147	325
Expenditures			
Public works	-	18	18
Capital outlay	-	-	-
Total expenditures	-	18	18
Excess (Deficiency) of Revenues Over Expenditures	5,719	129	305
Other Financing Sources (Uses)			
Loan proceeds	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses	5,719	129	305
Fund Balance			
Beginning of year	140,525	3,790	13,198
End of year	\$ 146,244	\$ 3,919	\$ 13,499

Schedule 5

Public Improvement Fund Series D, E, F, G Fund	Drainage Construction Bonds of 1967 and 1962 Fund	Capital Projects Fund	Coastline Capital Fund	Total
\$ 45,813	\$ 814,677	\$ 437,325	\$ 90,063	\$ 1,590,850
-	-	290,630	-	290,630
\$ 45,813	\$ 814,677	\$ 727,955	\$ 90,063	\$ 1,841,480
\$ -	\$ 18,973	\$ 387,632	\$ -	\$ 386,605
-	171,548	178,489	-	311,037
-	389,388	-	-	389,388
-	390,829	383,181	-	1,097,930
-	-	483,038	-	483,038
45,813	433,848	(382,184)	90,063	348,532
45,813	433,848	28,854	90,063	748,550
\$ 45,813	\$ 814,677	\$ 727,955	\$ 90,063	\$ 1,841,480

**CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET**

St. Bernard Parish Government

For the year ended December 31, 1996

	Damage and Siphon Fund	Fire District 1-2 C.I. Series Bond Fund	Road District Project Bond Fund
Assets			
Cash	\$ 146,644	\$ 3,919	\$ 12,409
Receivables - net	-	-	-
Total assets	\$ 146,644	\$ 3,919	\$ 12,409
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Equity			
Fund balances:			
Reserved for incomplete contracts	-	-	-
Unreserved - undesignated	146,644	3,919	12,409
Total fund equity	146,644	3,919	12,409
Total liabilities and fund equity	\$ 146,644	\$ 3,919	\$ 12,409

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.

Schedule 4

Flood Reserve 1971 And 1986 Fund	Bond Reserve 1977 Fund	1980 General Obligations Bond Fund	Variable Industrial Park Sinking Fund	Total
\$ -	\$ -	\$ 366,943	\$ -	\$ 377,383
-	-	-	40,388	40,388
23,889	27,353	36,386	-	188,087
23,889	27,353	603,151	40,388	730,858
-	88	88,756	-	88,769
-	-	185,080	-	665,808
-	-	352,889	-	773,628
-	88	356,585	-	1,493,147
23,889	27,354	46,386	40,388	(773,339)
-	-	-	-	2,748,608
-	-	-	-	(2,748,608)
-	-	-	-	1,814,950
(187,608)	(60,808)	-	-	(258,608)
(187,608)	(60,808)	-	-	363,891
(363,791)	(50,866)	46,386	40,388	(64,883)
473,487	531,888	880,353	-	2,585,557
\$ 311,696	\$ 500,323	\$ 827,333	\$ 40,388	\$ 2,589,119

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

St. Bernard Parish Government

For the year ended December 31, 1986

	Public Improvement Bond Funds		
	Series A, B, C	Series 1977	Series 1986
Revenues			
Taxes - ad valorem	\$ 3,779	\$ -	\$ 6,779
Special assessments	-	-	-
Use of money and property	8,475	7,165	-
Total revenues	12,254	7,165	6,779
Expenditures			
General government:			
Finance and administrative	-	584	38,340
Debt service:			
Principal retirement	-	385,080	175,808
Interest and service charges	-	138,631	282,158
Total expenditures	-	444,025	400,538
Excess (Deficiency) of Revenues Over Expenditures	12,254	(336,860)	(343,569)
Other Financing Sources (Uses)			
Proceeds of refunding bonds	-	-	2,740,000
Payments to refunded bond coupon agent	-	-	(2,740,000)
Operating transfers in	-	438,683	577,828
Operating transfers out	-	-	-
Total Other Financing sources (uses)	-	438,683	577,828
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	12,254	1,083	92,068
Fund Balances			
Beginning of year	189,090	204,078	218,203
End of year	\$ 201,344	\$ 205,841	\$ 310,271



Bond Reserve 1973 And 1988 Fund	Bond Reserve 1977 Fund	1990 General Obligation Bond Fund	Versailles Industrial Park Sinking Fund	Total
\$ 38,794	\$ 27,423	\$ 403,261	\$ -	\$ 1,087,058
-	-	-	-	36
372,750	438,500	-	-	811,050
11,792	14,499	523,476	-	589,767
-	-	-	343,168	343,168
-	-	-	40,308	171,908
\$ 443,296	\$ 500,222	\$ 927,337	\$ 383,476	\$ 2,983,887
\$ 131,600	\$ -	\$ -	\$ -	\$ 131,600
-	-	-	343,168	343,168
131,600	-	-	343,168	474,768
311,686	500,222	927,337	40,308	2,380,779
-	-	-	-	360,340
311,686	500,222	927,337	40,308	2,509,119
\$ 443,296	\$ 500,222	\$ 927,337	\$ 383,476	\$ 2,983,887

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

St. Bernard Parish Government

For the year ended December 31, 1996

	Public Improvement Bond Funds		
	Series A, B, C	Series 1977	Series 1986
Assets			
Cash	\$ 288,340	\$ 285,841	\$ 190,739
Cash with fiscal agent	-	-	36
Investments - at cost	-	-	-
Receivables - net	-	-	-
Special assessment receivables - deferred	-	-	-
Due from other funds	-	-	131,600
Total assets	\$ 288,340	\$ 285,841	\$ 322,375
Liabilities			
Due to other funds	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Total liabilities	-	-	-
Fund Equity			
Fund balances:			
Reserved for debt service	-	205,841	322,375
Unreserved and unallocated	288,340	-	-
Total fund equity	288,340	205,841	322,375
Total liabilities and fund equity	\$ 288,340	\$ 285,841	\$ 322,375

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.

Group Home Fund	Group Home Resident Fund	Human Resources Fund	Crisis Assistance Fund	Communication Fund	Community Development Fund	Residential Rehabilitation Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,657,288
-	-	-	-	181,248	-	-	181,248
119,867	-	378,111	-	-	215,080	-	713,058
-	-	-	-	-	36,162	-	36,162
-	-	-	-	-	-	-	654,761
-	-	-	-	-	-	-	585,620
54,988	-	-	-	-	24,820	-	1,488,231
-	-	-	242,129	-	17,218	-	508,233
-	-	-	-	-	-	-	276,664
148	42	2,207	380	4,143	140	-	12,140
341	-	14,882	107	-	5,886	-	20,316
261,116	42	188,701	242,609	89,005	34,928	-	12,185,648
-	-	-	-	4,628	-	-	4,628
-	-	-	-	-	-	-	814,270
-	-	-	-	11,013	-	-	11,013
-	-	-	-	-	-	-	2,306,661
-	-	-	-	-	-	-	2,216,790
-	-	-	-	181,488	-	-	2,100,488
166,288	-	111,256	-	-	21,604	61,387	2,196,120
-	-	88	196,228	-	-	-	1,660,250
-	-	88	-	-	-	-	188,128
166,288	-	214,144	296,228	121,488	21,608	61,387	12,185,243
(284,711)	42	(115,888)	(113,943)	(3,228)	(122,128)	(61,387)	(5,822,814)
-	-	-	-	-	-	-	(114,270)
(1,488)	-	(788)	246,005	-	67,220	-	18,784,052
-	-	(788)	-	(1,753)	(5,888)	-	(184,679)
(1,488)	-	(788)	246,005	(1,753)	(6,413)	-	18,599,373
(278,623)	42	(126,100)	80,228	15,426	26,162	(61,387)	1,284,288
(227,813)	1,278	144,820	(28,424)	247,282	(96,244)	61,387	(229,480)
-	-	-	-	-	-	-	(28,487)
\$ (177,174)	\$ 1,320	\$ 18,712	\$ 51,804	\$ 2,283,111	\$ (111,578)	\$ -	\$ 1,285,288

	Environmental Funds	State Welfare Fund	Library Fund	Food Lighting District No. 1 Fund
Revenues				
Taxes:				
Ad valorem	\$ -	\$ -	\$ 603,117	\$ 507,402
Other taxes, penalties and interest, etc.	-	-	-	587
License and permits	-	-	-	-
Federal grants	-	-	30,000	-
State grants:				
Health incorporation funds	-	-	-	-
State revenue sharing	-	-	12,000	25,000
Other state funds	-	-	-	-
Fees, charges, and contributions for services	-	-	11,450	-
Fines and forfeitures	-	89,894	15,000	-
Unexpended money and property	177	177	54,333	134
Other revenues	-	31	19,500	-
Total revenues	177	90,044	635,500	234,133
Expenditures				
General government:				
Legislative	-	-	-	-
Judicial	-	94,200	-	-
Finance and administrative	-	-	-	-
Other general government	10	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	644,449
Health and welfare	-	-	-	-
Education and recreation	-	-	31,635	-
Capital outlay	-	-	212,233	-
Total expenditures	10	94,200	344,233	644,449
Excess (Deficiency) of Revenues Over Expenditures	167	(4,156)	291,267	(299,816)
Other Financing Sources (Use)				
Proceeds on bond and special	-	-	-	-
Operating transfers in	-	-	-	411,411
Operating transfers out	-	-	-	-
Total other financing sources (use)	-	-	-	411,411
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures And Other Financing Uses				
	167	(4,156)	291,267	(25,405)
Fund Balances (Deficit)				
Beginning of year	1,000	(4,074)	1,221,318	(5,850)
Revised equity transfer	-	-	-	-
Total year	\$ 1,000	\$ (8,150)	\$ 1,221,318	\$ (5,850)

Urban Mass Transportation Administration Fund	Job Training Partnership Act Fund	Housing Rent Subsidy Fund	Housing Voucher Program Fund	Judicial Court Support Fund	Capital Cases Fund	Contingency (Capital Cases) Fund	Other or Auxiliary General Fund
\$	\$	\$	\$	\$	\$	\$	\$
169,636	3,838,360	865,408	359,774				
91,600				41,678	(3,831)		
507	50,000	3,811	3,802	57	8,111	17	99
		99					
169,636	3,888,360	871,308	364,576	41,735	44,288	17	99
				164,160	79,224	21,815	493,731
381,383	3,888,360						
		471,488	360,337				
	783,000				38,174		117
381,383	3,888,360	471,488	360,337	164,160	79,224	21,815	493,731
		1,470	(141)	(342,493)	77,659	(21,790)	(155,740)
				118,046		20,118	49,474
(41,607)				(1,657)	(9,477)		
(41,607)				116,389	(9,477)	20,118	49,474
(32,767)		1,470	(141)	9,890	(17,956)	(962)	907
(32,820)	1,470	30,798	4,988	833	90,775	846	(14,570)
					(36,487)		
\$ (41,607)	\$ 1,470	\$ 32,268	\$ 4,847	\$ 10,723	\$ 54,288	\$ (1,116)	\$ (14,680)

Schedule I
(Continued)

Assets	Group Hacks Fund	Group Basis Expans Fund	Human Resources Fund	Child Activities Fund	Communications Fund	Community Development Fund	Social Rehabilitation Fund	Total
Cash	\$ 4,100	\$ 1,017	\$ 1,000	\$ 16,418	\$ 110,800	\$ 100	\$ -	\$ 202,497
Investments - at cost	-	-	-	-	100,000	-	-	200,000
Receivables - net	21,691	-	82,996	-	60,417	21,679	-	4,102,291
Due from other funds	-	-	11,635	-	-	-	-	138,081
Other assets	-	-	-	-	-	-	-	1,397
Total assets	\$ 21,491	\$ 1,017	\$ 101,631	\$ 16,418	\$ 266,917	\$ 21,779	\$ -	\$ 6,111,623
Liabilities								
Accounts payable	\$ 1,150	\$ -	\$ 14,147	\$ 24,679	\$ 3,000	\$ 30,000	\$ -	\$ 79,076
Salaries and payroll liabilities payable	32,736	-	7,128	6,412	-	17,770	-	58,046
Due to other funds	2,002	-	11,813	-	-	6,100	-	1,280,014
Other liabilities	-	780	-	21,158	-	-	-	22,942
Total liabilities	\$ 31,117	780	\$ 33,088	\$ 52,249	\$ 3,000	\$ 53,870	\$ -	\$ 4,056,172
Fund Equity (Deficit)								
Fund balance - unrestricted	-	-	-	-	-	-	-	30,707
Reserve for incomplete contracts	-	-	-	-	-	-	-	286,000
Deposited - non-fund (development)	(666,256)	(1,211)	(3,754)	(11,111)	(203,177)	(112,279)	-	(1,036,988)
Unreserved - unexpended	(695,256)	(1,211)	(3,754)	(11,111)	(203,177)	(112,279)	-	(1,056,328)
Total fund equity (deficit)	\$ -	(1,211)	\$ (3,754)	\$ (11,111)	\$ (203,177)	\$ (112,279)	\$ -	\$ (1,056,328)
Total liabilities and fund equity (deficit)	\$ 31,117	\$ (1,211)	\$ (33,088)	\$ (66,418)	\$ (266,917)	\$ (21,779)	\$ -	\$ (6,111,623)

Schedule 1
(Continued)

	Housing Voucher Program Fund	Public Court Repossession Fund	Crushed Coal Fund	Contingency Contract Oper. M. Fund	Divide Agency Operational Fund	Environmental Mitigation Fund	Deposits Refunds Fee Fund	Library Fund	Real Estate Leasing Office No. 1 Fund
Assets									
Cash	\$ 126,471	\$ -	\$ 14,877	\$ 447	\$ 22,948	\$ 3,328	\$ -	\$ 21,428	\$ -
Investment - at cost	-	-	-	-	-	-	-	648,000	-
Receivables - net	-	2,429	6,255	-	-	-	-	646,419	260,728
Due from other funds	1,483	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Total assets	\$ 130,261	\$ 2,429	\$ 21,132	\$ 447	\$ 22,948	\$ 3,328	\$ -	\$ 1,275,857	\$ 260,728
Liabilities									
Accounts payable	\$ 72,289	\$ 1,141	\$ 20,116	\$ 98	\$ 21,255	\$ -	\$ 14,442	\$ 143	\$ 1,003
Subsidiary and general disbursements payable	-	5,866	-	668	11,141	-	-	-	-
Due to other funds	9,211	2,474	34,447	-	-	-	64	978	163,877
Other liabilities	-	-	-	-	-	-	-	-	-
Total liabilities	\$ 80,500	\$ 9,481	\$ 54,563	\$ 766	\$ 32,396	\$ -	\$ 14,506	\$ 1,281	\$ 164,880
Fund Equity (Deficit)									
Fund balance (deficit)	-	-	-	-	-	-	-	200,000	-
Reserve for unexpended amounts	-	-	-	-	-	-	-	1,810,000	-
Designated - capital development	3,652	6,871	38,467	111.9	29,439	3,282	28,669	1,810,000	20,841
Unassigned - unexpended	3,652	6,871	28,467	111.9	29,439	3,282	28,669	1,810,000	20,841
Total fund equity (deficit)	\$ 10,956	\$ 13,742	\$ 66,934	\$ 223.8	\$ 58,878	\$ 3,282	\$ -	\$ 3,648,669	\$ 20,841
Total liabilities and fund equity (deficit)	\$ 130,261	\$ 2,429	\$ 21,132	\$ 447	\$ 22,948	\$ 3,328	\$ -	\$ 1,275,857	\$ 260,728

**SPECIAL REVENUE FUNDS
COMBINED BALANCE SHEET**

B. Bernard Parish Government

December 31, 1994

Consolidated

Assets	Cash	Accounts receivable - all	Accounts receivable - net	Due from other funds	Other assets	Change Social Security		Premiums Paid		Excise Tax Department		Health Fund		Urban Mass Transportation Administration		Jobs Training Partnership Act Fund		Housing Element Study		
						Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
	\$ -	\$ -	\$ 34,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	847,593	811,186	1,244,431	794,189	-	-	-	66,824	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 847,593	\$ 811,186	\$ 1,278,735	\$ 794,189	\$ -	\$ -	\$ -	\$ 66,824	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities																				
Accounts payable	\$ 115,287	\$ 115,287	\$ 19,908	\$ 19,908	\$ 8,650	\$ 8,650	\$ 8,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subsidiary and general liabilities payable	75,824	12,876	21,776	11,460	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	421,981	274,431	1,235,612	267,628	65,811	65,811	65,811	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	\$ 613,092	\$ 462,594	\$ 1,431,923	\$ 288,997	\$ 74,461	\$ 74,461	\$ 74,461	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Equity (Deficit)																				
Fund balance (deficit)	5,911	-	-	24,794	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserve for unassigned amounts	213,855	124,426	1,115,699	64,482	13,133	13,133	13,133	-	-	-	-	-	-	-	-	-	-	-	-	-
Designated - capital development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned - unexpended	215,919	124,426	1,115,699	115,624	13,133	13,133	13,133	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund equity (deficit)	\$ 445,685	\$ 251,128	\$ 1,231,401	\$ 175,802	\$ 26,266	\$ 26,266	\$ 26,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities and fund equity (deficit)	\$ 1,058,777	\$ 713,722	\$ 1,663,324	\$ 464,799	\$ 100,727	\$ 100,727	\$ 100,727	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 27 - SUBSEQUENT EVENT

On April 7, 1997, the St. Bernard Parish Department of Public Works Water and Sewer Division received notification from AMBAC Indemnity Corporation, the issuer of the Water and Sewer Revenue Refunding Bonds, Series 1994, that the Division was in default with respect to several bond covenants contained in the General Bond Resolution adopted on June 18, 1995 including maintaining the facility in good repair; maintaining proper insurance, providing required information on the system in audit reports and various financial covenants. The Division has forty-five days to implement corrective actions to cure the defaults or the issuer may seek court action to direct the Division to raise rates to comply with the violations. On May 8, 1997, the Parish Council adopted an ordinance increasing the rate structure to generate an additional \$2.5 million annually (unaudited). Additionally, this ordinance provides for the engineering study by an independent nationally recognized engineering firm to advise the Parish Council with respect to the capital needs of the water and sewer system. The rate increase which will take effect on June 1, 1997 provides a level of revenue equal to the total expenditures, including depreciation, and will provide a source of funds to return the system to an appropriate state for continued operations (unaudited).

On April 5, 1997, there was an election to renew the operation and maintenance ad valorem tax of 3.30 mills in Water District Number 1 and 2.04 mills in Sewerage District Number 2. Both millage renewals were rejected by the qualified voters. The estimated loss in revenue for the Division in 1997 due to the defeat is approximately \$200,000 in Water District No. 1 and \$600,000 in Sewerage District No. 2.

Subsequent to year end the Division has come under investigation by a federal agency concerning its waste water disposal from its facilities. The investigation is in its initial stage. Presently, it is not possible to determine the effect of this investigation on these financial statements, if any.

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.

Note 24 - CHANGE IN ACCOUNTING ESTIMATE (Continued)

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. Also, 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 effect of the change on current year's operations in the Internal Service Fund could not be determined. The new method of calculating the estimated liability is treated as a change in accounting estimate and affects the current period only.

Note 25 - ADMINISTRATIVE ORDER

During the current year the St. Bernard Parish Department of Public Works Water and Sewer Division received an administrative order from the United State 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 actions to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent occurrence of violations cited in findings.

The Division has addressed the deficiencies cited in the order. The Division can be assessed up to \$25,000 per day in penalties for noncompliance to the order. There have been no assessments by the EPA or penalties accrued in these general purpose financial statements.

Note 26 - COMMITMENTS AND CONTINGENCIES

The parish government 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 22 - SECTION 8 HOUSING PROGRAM INVESTIGATION

Apparent irregularities involving the Section 8 Housing Program were discovered by the St. Bernard Parish Government during 1995. The matter was referred to the Department of Housing and Urban Development (HUD) and subsequently turned over to the Federal Bureau of Investigation for investigation. As a result of the investigation \$179,695 of ineligible payments have been identified and must be returned to the federal program. It is the parish's contention that these amounts will be paid by the individuals responsible. No payment has been requested by the parish government from HUD. However, individuals responsible have been court ordered to make restitution. To date \$10,437 has been received by the parish as restitution.

Note 23 - PRIOR PERIOD ADJUSTMENTS

The beginning unreserved retained earnings balance for the St. Bernard Parish Department of Public Works Water and Sewer Division was decreased by \$256,752. This adjustment was made to correct prior years' errors in recording accrued vacation. This correction does not affect current year revenues, expenses or net loss.

The beginning contributed capital balance for the St. Bernard Parish Department of Public Works Water and Sewer Division was increased by \$245,568. This adjustment was made to record the donation of a sewer treatment plant received in 1995. This correction does not affect current year revenues, expenses or net loss.

Note 24 - CHANGE IN ACCOUNTING ESTIMATE

During the current year, the St. Bernard Parish Department of Public Works Water and Sewer Division changed its policy on certain expenditures from deferring and amortizing the amounts to recording them as an expense when incurred. As a result, certain capital expenditures in the amount of \$188,459 were recorded as expenses in the current year. The new method is adopted in recognition of the change in estimated future benefits of the expenditure. The new policy is treated as a change in accounting estimate and affects the current period only.

During the current year, the parish government changed the method in which it calculates the estimated claims and judgments payable in the Injured Service Fund. In prior years the estimated liability was calculated using claims reserves outstanding and "developing" that number based on rates between 1 and 2.5 over a three-year period determined by the third party administrator. For the current year the claims liability related to prior years'

Note 20 - JOINT VENTURE - GOVERNMENTAL FUNDS (Continued)

Balance Sheet	
Assets	\$15,977
Retained Earnings	\$15,977
Income Statement	
Concession sales	\$153,173
Less refunds, commissions and cost of goods sold	(41,288)
Gross profit	111,885
Less expenses	(61,525)
Less transfers to St. Bernard Parish Government	(52,368)
Net loss	\$ (2,488)

Note 21 - CHANGE IN APPLICATION OF ACCOUNTING PRINCIPLE

During the current year the parish government changed its method of charging administrative expenditures to the Internal Service Fund. In the prior year the method included allocating a portion of general and administrative expenditures from the General Fund to the Internal Service Fund. In the current year 100% of actual salaries and benefits related to the legal, insurance and safety departments was allocated to the Internal Service Fund in order to more accurately reflect the cost in administering the self insurance program. These cost were previously expensed in the General Fund. As a result, in the prior year \$14,217 of general and administrative expenditures from the General Fund was allocated to the Internal Service Fund. During the current year \$218,422 of salaries and benefits was allocated to the Internal Service Fund. The new method affects the current period only.

Note 18 - TRANSFERS - PROPRIETARY FUNDS - ST. BERNARD PARISH GOVERNMENT DEPARTMENT OF PUBLIC WORKS WATER AND SEWER DIVISION

An operating transfer of \$633,984 was made between the St. Bernard Parish Water and Sewer Division and Water District No. 1, Water District No. 2, Sewer District No. 1 and Sewer District No. 2. The transfer was made for the Division's portion of ad valorem taxes and state revenue sharing.

Note 19 - DAMAGE - RIVER INTAKE STRUCTURE

The St. Bernard Parish Department of Public Works Water and Sewer Division suffered substantial damage to its Mississippi River Water intake crib, fender and pipe from failure to crib in two separate tow boat accidents in 1994. The net book value of the structure at the time of the accident including portions not damaged was \$738,338. Through December 31, 1996 the Division has incurred \$572,262 in costs to repair the damaged structure. To date the Division has recovered \$264,125 in insurance proceeds from the first accident. On March 4, 1997, a judgement in the second accident was rendered resulting a \$246,500 settlement payable to the Division. This amount was recorded as a receivable and offset expenditures incurred to date. As of December 31, 1996 insurance and judgement proceeds exceeded the expenditures incurred to date and a deferred credit of \$138,373 has been recorded in the financial statements. These monies will be used in the future to repair the damaged structure. The estimated additional cost to repair the damaged structure is \$785,000. Any additional amounts received will be recorded in the year it can be reasonably estimated. The gain or loss on the accidents will be recorded in the year all amounts are known.

Note 20 - 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. The affairs and business of the Corporation are managed by a board of directors. 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, 1995.

Note 17 - SELF INSURANCE (Continued)

Internal Service Fund

The parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general and automobile liability. 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. This policy has a 20% coinsurance clause with a maximum liability to the parish of \$1,000,000. The fund is administered by an independent insurance service company.

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:

Claims liability at December 31, 1995	\$1,207,381
Less claims paid during 1996	(224,327)
Plus provision for incurred claims	____836,538
Claims liability at December 31, 1996	<u>\$1,819,592</u>

Note 5 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The composition of property, plant and equipment at December 31, 1996, by entity, is as follows:

The Division	\$ 33,347,715
Water District No. 1	20,774,000
Water District No. 2	2,128,277
Sewer District No. 1	9,775,707
Sewer District No. 2	<u>11,568,378</u>
Total property, plant and equipment	82,594,117
Less accumulated depreciation	<u>(39,968,216)</u>
Net property, plant and equipment	<u>\$ 42,625,901</u>

Depreciation expense totaled \$2,452,787 for the year ended December 31, 1996.

Note 6 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

a) Cash

i) Governmental Funds and Internal Service Fund

Deposits of the government are held by several financial institutions. At December 31, 1996, the government has \$6,443,155 in deposits (bank balances) which are fully insured or collateralized as of December 31, 1996.

ii) Proprietary Funds - Enterprise Funds - The Division

Cash

Deposits of the Division in the amount of \$1,980,857 (bank balances) are held by several financial institutions and are fully insured or collateralized as of December 31, 1996.

Note 4 - CHANGES IN GENERAL FIXED ASSETS

Changes in the general fixed assets account group are as follows:

	December 31, 1995	Additions	Disposals	Adjustment (1)	December 31, 1996
Land, buildings and improvements	\$28,504,217	\$ 783,325	\$ -	\$ (195,200)	\$29,092,342
Furniture, equipment trucks and automobiles	3,416,582	388,426	978,383	503,807	4,336,532
Totals	<u>\$31,920,799</u>	<u>\$1,171,751</u>	<u>\$978,383</u>	<u>\$ 308,607</u>	<u>\$33,423,574</u>

(1) During 1996 the parish government updated their fixed asset records. As a result, an adjustment was required to report the fixed assets at the actual carrying value as of December 31, 1996. The above adjustment is a result of the cumulative effect of the change in the carrying value of the fixed assets.

Note 5 - PROPERTY, PLANT AND EQUIPMENT

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

Land	\$ 141,569
Pipeline systems	50,718,054
Plant, machinery and equipment	31,734,216
Total property, plant and equipment	82,594,839
Less accumulated depreciation	(39,968,216)
Net property, plant and equipment	\$ 42,626,623

Note 3 - REVENUES, EXPENDITURES AND FINANCING SOURCES - ACTUAL AND BUDGET

The following individual funds have actual revenues and/or other sources which fall below 9% of budgeted revenues and/or other sources and/or actual expenditures and/or other uses which exceed 9% of budgeted expenditures and/or other uses:

	Actual	Budget	Difference	Percentage Difference
Revenues:				
Special Revenue Funds:				
Flooding/Beach Subsidy Fund	\$873,102	\$933,659	\$60,557	(6.49)
Flooding Voucher Program Fund	364,876	396,094	(31,218)	(7.89)
Group Home Fund	285,336	325,252	(39,916)	(12.29)
Human Resources Fund	588,751	688,813	(100,062)	(14.53)
Expenditures:				
Special Revenue Funds:				
Garbage District No. 1 Fund	3,454,751	3,221,198	233,553	7.26
Recreation Department Fund	873,600	832,248	41,352	4.97
Criminal Court Fund	117,308	68,008	49,300	72.64
Deputy Warden Fees Fund	94,265	73,827	20,438	27.68
Communications Fund	171,863	158,347	13,516	8.54
Operating Transfers In:				
Special Revenue Funds:				
Urban Mass Transportation Administration Fund	-0-	20,465	(20,465)	(100.00)
Group Home Fund	-0-	489,598	(489,598)	(100.00)
Civic Auditorium Fund	216,059	343,411	(127,352)	(37.11)
Community Development Fund	471,525	498,533	(27,008)	(5.42)
Operating Transfers Out:				
Special Revenue Funds:				
Criminal Court Fund	95,427	3,742	91,685	2,450.20

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Fund Equity (Continued)

ii) Residual Equity Transfer

A residual equity transfer represents nonrecurring or nonroutine transfer between funds. Because these transfers are not associated with the operations of the governmental funds, they are recorded as adjustments to fund balance.

iii) Total Columns on Combined Statements - Overview

The total columns on the combined statements are captioned *Massachusetts 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 - FUND DEFICITS

The following individual funds had deficit fund balances at December 31, 1996.

Governmental Fund	Deficit Amount
Special Revenue Funds:	
Consolidated Fire Protection No. 1-2 Fund	\$175,000
Urban Mass Transportation Administration Fund	115,000
Judicial Court Reporter Fund	6,870
Contingency Criminal Court "A" Fund	116
District Attorney-General Fund	9,586
Deputy Witness Fee Fund	10,600
Group Home Fund	609,726
Community Development Fund	12,579

All noted deficits will be absorbed through fees over future years or as part of the 1997 budget.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Accumulated Vacation and Sick Leave (Continued)

Substantially all employees of the parish government receive 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. 33:1985, 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 Government has a 4 1/2% sales and use tax. Two percent is dedicated to the parish government, 2% is dedicated to the St. Bernard Parish School Board, and 1/2% 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 ordinance provides 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 financial year.

ii) Designated Fund Balances

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Budgets (Continued)

The parish government adopted annual budgets for the general fund, and all special revenue funds, capital project funds and debt service funds. All funds for which a budget was adopted are included in these general purpose financial statements. The budgets are prepared on the modified accrual basis of accounting. 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.

l) Cash and Investments

Cash includes amounts in regular and money market accounts. Investments are stated at cost. Investments during the year consisted of certificates of deposits.

j) Bad Debts

The general purpose financial statements for the parish government, excluding accounts receivable in the St. Bernard Parish Government Department of Public Works Water and Sewer Division, contain no allowance for bad debts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the funds.

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 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2) Basis of Accounting (Continued)

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.

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 these estimates.

h) Budgets

The following summarizes the budget activities of the parish government for the year ended December 31, 1996:

	1996 Budget Year
Completed and Available for Public Inspection	October 3, 1995
Public Notice	October 20, 1995
Public Hearings	November 14, 1995
Council Adoption	December 5, 1995
Budget Amendments	February 27, 1996, June 25, 1996, October 15, 1996, November 5, 1996, December 31, 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Proprietary Funds - Enterprise Funds - Home Mortgage Authority
(Continued)

4) 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 these pronouncements conflict with or contradict GASB pronouncements.

5) 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 outstanding amounts.

Premiums and discounts on the purchase of investments are amortized over the life of the security using the level yield method.

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

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Proprietary Funds - Enterprise Funds - Home Mortgage Authority
(Continued)

1) Organization (Continued)

\$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding 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 refunded 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 Presentation

The Authority's fiscal year ends March 31, 1993. The general purpose financial statements include the activities of the Authority for the fiscal year end. A comprehensive annual financial statement may be obtained from the Authority.

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.

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 8, 1997, 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 considered 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,

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4) Proprietary Funds - Enterprise Funds - The Division (Continued)

4) 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 30 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 an unlimited number of days but does not vest. At December 31, 1996, the accrued vacation was \$267,610.

7) Restricted Assets

Certain proceeds of the Division's revenue 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) Allowance for Doubtful Accounts

The Division has established an allowance for doubtful accounts for a write-off of delinquent accounts. The Division's allowance is based on management's best estimate of uncollectible amounts. The allowance for doubtful accounts at December 31, 1996 is \$64,866.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

i) Basis of Accounting (Continued)

v) Fixed Assets and Long-Term Liabilities (Continued)

	Water and Sewer Division	Water District No. 1	Water District No. 2	Sewer District
Pipeline System	100	100	50	20
Buildings and improvements	50	50	33	25
Machinery and equipment	80	5-10	4-10	5-10
Water tanks	50	33	50	-
Meter boxes	33	33	33	-

Long-term liabilities are recognized within the enterprise fund.

5) Levied Taxes

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

	Authorized Millage	Levied Millage
Water District No. 1:		
Maintenance	3.40	3.34
Bond and interest	Variable	1.40
Sewer District No. 1:		
Maintenance	3.50	-
Bond and interest	Variable	6.00
Sewer District No. 2:		
Maintenance	2.00	3.04
Bond and interest	Variable	4.75

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4) Basis of Accounting (Continued)

ii) Expenses (Continued)

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) Prepaid Items

The Division's insurance costs are recognized as expenses over the period covered by the insurance policy.

v) 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 are 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:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4) Basis of Accounting (Continued)

i) Revenues (Continued)

All voluntary taxes are recorded in the year the taxes are due and payable. All voluntary taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December of the current year and January through March of the ensuing year.

ii) Expenses

The Division's unamortized debt expense consists of costs associated with the 1986, 1991 and 1994 Revenue Bond issues and the 1991 General Obligation Refunding Bond issues of Sewer District No. 1 and 2. The remaining cost of issuance on the 1986 Revenue Bond issue of \$75,899 is amortized on a straight-line basis over the remaining 3-year life of the bonds due to delinquency of the 1986 Revenue Bond issue during 1994. The cost of issuance on the 1991 Revenue Bond issue of \$58,707 is amortized using the straight-line method over the 19-year life of the bond. The cost of issuance on the 1994 Revenue Bond issue of \$266,655 is amortized using the straight-line method over the 18-year life of the bond. The cost of issuance of the Sewer District No. 1 1991 General Obligation Refunding Bond issue of \$36,700 is amortized using straight-line method over the 11 1/2-year life of the bond. The cost of issuance of the Sewer District No. 2 1991 General Obligation Bond issue of \$147,300 is amortized using straight-line method over the 13 1/2-year life of the bond.

The remaining unamortized debt expense on all bond issues at December 31, 1996 is \$377,991.

Depreciation expense on all depreciable 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - The Districts (Continued)

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 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.) All 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 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Proprietary Funds - Enterprise Funds - St. Bernard Parish Government
Department of Public Works Water and Sewer Division (Continued)

1) Organization (Continued)

and approved by Louisiana Revised Statute 33:2802 which became effective July 2, 1984. 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 District No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities.

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.

The financial statements of the Division for the year ended December 31, 1996 include the operations of the Water and Sewer Commission from January 1, 1996 through October 31, 1996 and the operations of the Division from November 1, 1996 through December 31, 1996.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

4) Fund Descriptions - Capital Projects (Continued)

• Public Improvement Bonds Series B, E, F, G Fund

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

• 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 ditches and drainage canals including the maintenance of two new pumping stations.

• 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 or special revenue operating accounts.

• 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.

d) Proprietary Funds - Enterprise Funds - St. Bernard Parish Government Department of Public Works Water and Sewer Division

1) Organization

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

3) Fund Descriptions - Debt Service Funds (Continued)

• Versailles Industries Park Sinking Fund

The Versailles Industrial Park Sinking Fund is used to accumulate reserves for the payment of special assessment bonds. These bonds were used to finance public improvements deemed to benefit the properties against which the cost are assessed. The costs of the project is estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 90 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.35%. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

4) Fund Descriptions - Capital Projects

• 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 the pumping stations.

• 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 Project Bond Fund

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

3) Fund Descriptions - Debt Service Funds (Continued)

• Bond Reserve 1973 and 1986 Fund (Continued)

additional parity bonds are issued in which event additional payments will be required. As of the beginning of the year there was an excess of \$56,000 in the 1986 Fund. The excess \$56,000 was transferred to the Series 1989 Sinking Fund in 1986. Additionally, during 1986 the Series 1986 issue was defeased reducing the reserve requirements to \$274,000. The excess \$11,600 was transferred to the Series 1986 Sinking Fund to pay for the defeasance.

• 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 is used for transfers of sales tax from the sales tax account. Payments into the Reserve Fund have ceased due to accumulating an amount equal to the highest combined principal and interest requirements for any succeeding bond year. An excess of \$63,000 was transferred to the Series 1986 issue in 1986.

• 1990 General Obligation Bond Fund

The 1990 General Obligation Bond Fund is used to accumulate monies for the payment of bonds dated February 1, 1990 which 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 bonds are secured by an ad valorem tax.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Governmental Funds (Continued)

3) Fund Descriptions - Debt Service Funds (Continued)

• Public Improvement Bonds Series A, B, C Fund (Continued)

for the parish government and acquiring all necessary land, equipment and furnishings therefor. Each series is secured by an ad valorem tax levy. At December 31, 1986, all obligations of the A, B, C Fund has been paid. The fund balance at December 31, 1986 of \$201,340 will be used to fund a drainage project in 1987.

• Public Improvement Bonds Series 1977 Fund

The Public Improvement Bonds Series 1977 Fund is used to accumulate monies for the payment of bonds dated June 1, 1977, which were issued for the purpose of paying all or any part of the cost of public works, buildings, improvements and facilities in the parish. The bonds are secured from the proceeds of a special one-half of 1 percent sales and use tax.

• Public Improvement Bonds Series 1986 Fund

The Public Improvement Bonds Series 1986 Fund is used to accumulate monies for the payment of bonds dated August 1, 1977, which were issued for the purpose of paying all or any part of the cost of public works, buildings, improvements and facilities in the parish. The bonds are secured from the proceeds of a special one-half of 1 percent sales and use tax.

• Bond Reserve 1977 and 1986 Fund

The Bond Reserve 1977 and 1986 Fund was established to comply with the bond resolutions of the Public Improvement Bonds, Series 1977 and Series 1986. This account was established for depositing transfers of sales tax from the Sales Tax Fund amounting to \$1,500 per month until the sum of \$405,000 has been accumulated therein, unless there is default in connection with the payment of the bonds which requires withdrawals from this fund for the purpose of paying maturing principal and interest on the bonds, or

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

• **Communications Fund**

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

• **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. The deficit fund equity of \$12,579 will be absorbed as part of the 1997 budget.

• **Rental Rehabilitation Fund**

The Rental Rehabilitation Fund is used to account for the property rehabilitation loans provided to owners of real property within urban homesteading areas or owners of real property for which rehabilitation is necessary or appropriate for carrying out CDBG activities.

2) Fund Descriptions - Debt Service Funds

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

The Public Improvement Bonds Series A, B, C Fund is used to accumulate monies for the payment of bonds dated June 1, 1985. Series A was issued for the purpose of acquiring land and buildings for recreational purposes, and acquiring necessary equipment therefore. Series B was issued for the purpose of constructing public buildings consisting of inclusions for the parish government and acquiring all necessary land, equipment and furnishings therefore. Series C was issued for the purpose of constructing an auditorium.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

• 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.

• Group Home Fund

The Group Home Fund is used to account for the activity of the Boys and Girls Group Homes. The Group Homes are for juvenile delinquents and emotionally disadvantaged children. The revenues are derived from federal and state grants. Effective December 31, 1996 the Boys and Girls Group Home discontinued operations. The deficit fund equity of \$459,726 will be absorbed as a part of the 1997 budget.

• Group Home Residents Fund

The Group Home Residents Fund is used to account for the allowance given to children residing at the Group Homes. The revenue is derived from federal and state grants.

• Human Resources Fund

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

• 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - 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 deficit fund equity of \$9,588 will be absorbed as a part of the 1997 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 16:830.4.

• 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 voluntary 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 committed to the parish government. The deficit fund equity of \$10,693 will be absorbed over the next few years through court fees.

• Library Fund

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

• **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. The deficit fund equity of \$6,871 will be absorbed as part of the 1997 budget.

• **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. Disbursements are made from this fund on motion of the district attorney and approval by the district judges.

The statute also require that one-half of the surplus in the fund at December 31, of each year be transferred to the parish General Fund. For the year ended December 31, 1996, \$36,487 is to be transferred.

• **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. The deficit fund equity of \$116 will be absorbed as part of the 1997 budget.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

2) Fund Descriptions - Special Revenue Funds (Continued)

• **Health Fund**

The Health Fund is used to account for the activities which contribute to the health monitoring services provided by the state health unit within the parish. The State bills the parish health department for the booking, 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 systems. The system is partly funded by an operating grant received from the Federal Transit Authority. The deficit fund equity of \$115,087 will be absorbed through State tax.

• **Jobs Training Partnership Act Fund**

The Jobs Training Partnership Act Fund is used to account for the collection and payment of jobs training partnership 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. Financing is provided by the Department of Housing and Urban Development.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Governmental Funds (Continued)

1) Fund Descriptions - Special Revenue Funds

• **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 10% 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 premiums taxes. The deficit fund equity of \$173,988 will be absorbed as part of the 1997 budget.

• **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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Governmental Funds (Continued)

1) Basis of Accounting (Continued)

i) Revenues (Continued)

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.

The majority of the parish government's receivables consist of sales tax of \$2,343,369, ad valorem taxes of \$5,075,727, other state funds of \$267,054, federal grants of \$252,758, road royalty of \$280,000 and water and sewer customer receivables of \$386,525.

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 account group.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Governmental Funds (Continued)

1) Basis of Accounting (Continued)

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.

The modified accrual basis of accounting is used by all governmental fund types. 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:

1) 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 households in the parish) are recorded in the year the taxes are assessed and available for use on current debt. *Ad valorem* taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January through March of the ensuing year.

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.

Sales and use tax revenues are recognized by the parish government on the accrual basis.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

1) 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.

2) Account Groups

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 than 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 are determined by its measurement focus. Governmental funds are accounted for using a current financial resources measurement focus. With this measurement

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

1) Governmental Funds (Continued)

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, 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The component unit columns in the combined general purpose financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority. It is reported in a separate column as a discrete component unit to emphasize that it is legally separate from the parish government.

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 financially independent of the parish government.

b) Basis of Presentation - Fund Accounting

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 expense, 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:

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity and Individual Component Unit Disclosures (Continued)

- 1) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
- 2) Organizations for which the parish government does not appoint a voting majority but which are fiscally dependent on the parish government.
- 3) Organizations for which the reporting entity's general purpose financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

	Criteria Used
St. Bernard Parish Library	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division	1
St. Bernard Parish Home Mortgage Authority	1
St. Bernard Parish Commerce Commission	2

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
St. Bernard Parish Commerce Commission

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENT

St. Bernard Parish Government

December 31, 1996

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 33:1385 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 statement 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. These criteria include:

- i) Appointing a voting majority of an organization's governing body, and
- ii) The ability of the parish government to impose its will on the organization and/or

	Enterprise Fund	Special Service Fund	Total (Monroe Parish Government)	Component Unit	Total (Monroe Parish Reporting Entity)
Cash Flows From Capital Financing Activities					
Ad valorem taxes - debt retirement	\$28,897	-	\$28,897	-	\$28,897
Payment on capital lease	(19,811)	-	(19,811)	-	(19,811)
Interest paid on capital lease	(5,184)	-	(5,184)	-	(5,184)
Purchase of capital assets	(715,861)	-	(715,861)	-	(715,861)
Principal paid on bonds	(7,314,885)	-	(7,314,885)	-	(7,314,885)
Interest paid on bonds	(711,528)	-	(711,528)	-	(711,528)
Net cash used for capital financing activities	(8,034,782)	-	(8,034,782)	-	(8,034,782)
Cash Flows From Investing Activities					
Interest on cash management account	91,116	-	91,116	-	91,116
Interest earned on investments	-	24,980	24,980	28,626	49,116
Decrease in advances to other funds	-	1,408,880	1,408,880	-	1,408,880
Decrease in mortgage loans receivable	-	-	-	268,748	268,748
Net cash provided by investing activities	91,116	1,433,860	1,524,976	289,374	1,814,350
Net Increase (Decrease) in Cash and Cash Equivalents	(83,190)	1,433,860	1,350,670	31,900	1,318,524
Cash and Cash Equivalents					
Beginning of year	2,843,158	448,579	3,291,737	489,413	3,781,150
End of year	\$ 1,957,158	\$ 1,892,439	\$ 3,849,597	\$ 481,313	\$ 4,331,349
Supplemental Cash Flow Information:					
Interest Paid For The Year Ended December 31, 1996					
<i>(Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division)</i>					
	\$ 798,618				
<i>(Component Unit - St. Bernard Parish Home Mortgage Authority)</i>					
	\$ 208,104				
Non-cash Capital Financing Activities - Enterprise Fund - St. Bernard Parish Government Department of Public Works Water and Sewer Division (Special Line)					
	\$ 214,558				

**COMBINED STATEMENT OF CASH FLOWS-
ALL PROPRIETARY FUND TYPES**

St. Bernard Parish Government

For the year ended December 31, 1986

	Enterprise Fund	Internal Service Fund	Total (Monorandum Only) Primary Government	Component Unit	Total (Monorandum Only) Secondary Entity
Cash Flows From Operating Activities					
Operating income (loss)	\$ (2,031,275)	\$ 668,381	\$ (1,362,894)	\$ -	\$ (1,362,894)
Net income (loss)	-	-	-	(28,479)	(28,479)
Sub-total	(2,031,275)	668,381	(1,362,894)	(28,479)	(1,391,373)
Adjustments to reconcile operating income (loss) to net income (loss) to net cash provided (used) by operating activities					
Amortization of deferred financing costs	-	-	-	31,419	31,419
Amortization of investment discount	-	-	-	(48,000)	(48,000)
Amortization of bond discount	-	-	-	68,152	68,152
Depreciation and amortization	3,498,311	-	3,498,311	-	3,498,311
Other	-	-	-	(2,494)	(2,494)
Increase (decrease) in assets:					
Accounts receivable	37,379	5,024	42,403	-	42,403
Liability charges	40,943	-	40,943	-	40,943
Inventory	28,346	-	28,346	-	28,346
Prepaid expenses	18,569	-	18,569	-	18,569
Accounts receivable - other	(346,500)	-	(346,500)	-	(346,500)
Accrued interest receivable	-	178,667	178,667	16,389	195,056
Due from other funds	-	(248,148)	(248,148)	-	(248,148)
Increase (decrease) in liabilities:					
Accounts payable and accruals	41,424	26,182	67,606	-	67,606
Interest payable	-	-	-	(2,864)	(2,864)
Charges payable	-	(43,041)	(43,041)	-	(43,041)
Due to other funds	-	(786,052)	(786,052)	-	(786,052)
Unamortized claims and judgments	-	803,312	803,312	-	803,312
Interest paid on bonds payable	-	-	-	292,815	292,815
Interest received on investments	-	-	-	(243,654)	(243,654)
Total adjustments	2,780,965	(291,826)	1,489,139	288,468	2,276,607
Net cash provided (used) by operating activities	649,690	(223,445)	426,245	260,009	686,254
Cash Flows From Nonoperating Financing Activities					
Bill refund sales - operations and maintenance	256,414	-	256,414	-	256,414
State revenue sharing	97,078	-	97,078	-	97,078
Increase in negative cash balances implicitly financed	310,508	-	310,508	-	310,508
Bond redemptions	-	-	-	(21,162)	(21,162)
Interest paid on bonds payable	-	-	-	(231,812)	(231,812)
Net cash provided (used) by nonoperating financing activities	664,000	-	664,000	(284,137)	379,863

COMBINED STATEMENT OF CHANGES IN RETAINED EARNINGS AND ACCUMULATED CAPITAL,
ALL PROPRIETARY FUND TYPES

St. Bernard Parish Government

For the year ended December 31, 1990

	Contributed Capital	Enterprise Fund		General Services Fund	Total (Miscellaneous Funds)		Component Total	Total Miscellaneous (Self) Reporting Entity
		Retained Earnings	Total		Private Government	Other		
Beginning Balance	\$ 16,782,498	\$ 12,871,214	\$ 29,654,134	\$ 1,134,817	\$ 13,788,081	\$ 806,813	\$ 26,679,966	
Prior period adjustments (Note 2)	245,298	(254,132)	(9,152)	-	(9,152)	-	(9,152)	
Beginning balance, as restated	17,027,796	12,617,082	29,644,982	1,134,817	13,778,929	806,813	26,670,814	
Net income (loss)	-	(934,070)	(934,870)	682,782	(26,289)	(28,438)	(26,438)	
Other - donated items	214,238	-	214,238	-	214,238	-	214,238	
Depreciation on contributed capital	(796,313)	946,519	-	-	-	-	-	
Ending Balance	\$ 16,596,211	\$ 15,629,231	\$ 21,885,468	\$ 1,817,602	\$ 13,699,082	\$ 881,376	\$ 26,556,131	

See notes to the general purpose financial statement.

**COMBINED STATEMENT OF REVENUES AND EXPENSES—
ALL PROPRIETARY FUND TYPES**

B. Revised Public Government

For the year ended December 31, 1986

	Enterprise Fund	Internal Service Fund	Total Government (Only) Primary Government	Component Units	Total (Government Only) Reporting Entity
Operating Revenues (Note 1)					
User fees	\$ 6,364,890	\$ -	\$ 6,364,890	\$ -	\$ 6,364,890
Other operating income	190,120	2,193,304	2,383,424	-	2,383,424
Interest earned on mortgage loans	-	-	-	286,646	286,646
Interest earned on investments	-	121,082	121,082	82,048	213,130
Total operating income	6,554,990	2,314,386	8,769,376	371,694	9,141,070
Operating Expenses (Note 1)					
Salaries and related benefits	3,097,520	298,470	3,395,990	-	3,395,990
Utilities	982,500	-	982,500	-	982,500
Contractual services, supplies and materials	1,506,866	-	1,516,866	-	1,516,866
Outside services	84,346	45,870	130,216	-	130,216
Insurance premiums	389,430	382,343	771,773	-	771,773
Market expense	-	876,338	876,338	-	876,338
Interest	-	-	-	320,904	320,904
Operating expenses	-	-	-	30,988	30,988
Other	222,884	47,858	270,742	-	270,742
Depreciation	2,481,331	-	2,481,331	-	2,481,331
Amortization of deferred financing costs	-	-	-	31,418	31,418
Servicing fees	-	-	-	13,128	13,128
Mortgage loan insurance costs	-	-	-	4,308	4,308
Total operating expenses	8,291,895	1,727,104	10,118,999	489,132	10,608,131
Operating Income (Loss)	(2,736,905)	608,282	(2,128,623)	(218,438)	(2,347,103)
Nonoperating Revenues (Expenses)					
All-volunteer taxes for acquisition of lands	806,854	-	806,854	-	806,854
All-volunteer taxes for operations and maintenance	714,894	-	714,894	-	714,894
State resource sharing	88,730	-	88,730	-	88,730
Interest income	98,248	24,580	122,828	-	122,828
Interest and bond fees	(698,818)	-	(698,818)	-	(698,818)
Deduction from all volunteer taxes for debt retirement and operating and maintenance	(49,894)	-	(49,894)	-	(49,894)
Total nonoperating revenues	1,059,284	24,580	1,083,864	-	1,083,864
Net Income (Loss)	\$ (704,871)	\$ 492,782	\$ (214,769)	\$ (218,438)	\$ (426,773)

See notes to the general purpose financial statements.

Exhibit C
(Continued)

Budget	Total Services Fund		Capital Projects Fund		Variance Favorable (Adverse)
	Budget	Actual	Budget	Actual	
(111,000)	(111,000)	(98,200)	(1,118,000)	(4,201,000)	94,200
-	2,180,000	2,180,000	-	-	-
-	(1,180,000)	(2,180,000)	-	381,911	580,200
-	-	-	-	-	-
-	-	-	-	-	-
925,000	1,046,400	96,800	2,268,000	1,623,200	(608,800)
(258,000)	(180,000)	-	-	(85,410)	(16,400)
670,000	866,400	96,800	2,268,000	1,537,790	(80,980)
(41,000)	(6,000)	35,000	(1,118,000)	(2,980,000)	444,200
3,111,000	3,203,200	-	3,800,000	3,307,800	-
-	-	-	-	-	-
\$1,411,000	\$ 3,094,100	\$ 35,000	\$ 118,700	\$ 347,000	\$ 434,700

	General Fund			Special Revenue Fund		
	Budget	Actual	Variance Favorable (\$ Difference)	Budget	Actual	Variance Favorable (\$ Difference)
Revenue (Deficiency) of Revenue Over Expenditures	18,897,880	11,811,748	7,086,132	(3,796,899)	(8,879,809)	5,082,910
Other Financing Sources (Uses)						
Proceeds of collecting bonds	-	-	-	-	-	-
Loan Proceeds	-	-	-	-	-	-
Payment of bonded bond matured upon	-	-	-	-	-	-
Proceeds on fund asset disposal	-	-	-	-	133,378	(133,378)
Operating transfer in	373,868	373,868	-	10,258,408	8,694,833	1,563,575
Operating transfer out	(14,133,732)	(13,589,171)	544,561	(284,588)	(144,838)	(139,750)
Transfer Financing sources (uses)	(13,759,864)	(13,215,303)	544,561	9,973,820	8,549,995	1,423,825
Excess (Deficiency) of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	5,138,016	(1,403,555)	6,541,571	2,784,600	1,684,240	(1,103,640)
Fund Balance (Deficit) Beginning of year	3,663,483	3,663,483	-	(334,404)	(334,404)	-
Unfilled equity needs	-	36,487	36,487	-	(36,487)	(36,487)
End of year	\$ 8,801,501	\$ 2,296,415	\$ 6,505,086	\$ 2,450,196	\$ 1,313,349	\$ 1,136,847

See accompanying general purpose financial statement.

Edna Service Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (\$ Information)	Budget	Actual	Variance Favorable (\$ Information)
\$ 437,211	\$ 377,383	\$ 59,828	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	38,078	292,680	(254,602)
-	-	-	-	-	-
28,688	101,007	72,319	13,428	13,655	(227)
-	40,598	40,598	788,888	180,560	(608,328)
-	-	-	-	217	217
650,899	720,618	69,719	1,035,788	745,962	(289,826)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
283	24,789	(24,506)	-	-	-
-	-	-	-	-	-
-	-	-	1,804,703	4,758,159	(2,953,456)
-	-	-	-	-	-
-	-	-	666,485	887,968	(221,483)
444,000	603,000	159,000	-	-	-
717,212	773,418	56,206	-	-	-
1,170,888	1,498,117	327,229	1,671,296	3,066,112	(1,394,816)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICIT) - BUDGET VS. ACTUAL -
ALL GOVERNMENTAL FUND TYPES**

B. General Fund - Government

For the year ended December 31, 1996

	General Fund		Vendor Receipts (Unavailable)	Special Revenue Funds		Totals - Available (Unavailable)
	Budget	Actual		Budget	Actual	
Revenues (Note 1)						
Taxes:						
Ad valorem	\$ 436,800	\$ 421,214	\$ 3,576	\$ 3,254,000	\$ 3,667,280	\$ 141,760
Substate	12,224,424	12,679,719	285,312	-	-	-
Other taxes, penalties, and interest, etc.	771,051	768,514	23,046	201,283	592,955	(1,889)
Licenses and permits	411,400	403,872	16,529	215,000	215,000	(144)
Federal grants	34,901	40,899	5,998	4,214,064	3,569,862	113,933
State funds:						
The state transportation funds	-	-	-	646,000	654,761	8,761
State revenue sharing	34,150	49,921	15,771	156,148	169,668	(16,444)
Other state funds	364,234	307,968	(16,264)	1,887,236	1,969,200	(178,911)
Fees, charges, and commissions for services	679,718	631,221	1,497	567,665	638,921	(16,940)
Fees and donations	-	-	-	241,500	259,689	23,141
Use of money and property	199,140	149,936	(13,204)	338,779	121,458	(171,320)
Special assessments	-	-	-	-	-	-
Other revenues	18,800	22,741	(3,940)	151,188	193,811	41,623
Total revenues	11,668,181	12,810,927	211,146	11,611,648	12,119,686	(491,721)
Expenditures (Note 2)						
Local government:						
Legislative	548,000	379,936	(16,155)	-	382,781	(165,214)
Judicial	607,200	212,461	(2,891)	793,264	834,761	(169,604)
Fireworks	50,700	74,441	(2,899)	-	-	-
Finance and administration	2,149,640	1,861,410	143,220	-	184,824	(1,676,586)
Other general government	402,200	476,524	(17,620)	3,704,397	3,928,611	485,216
Public safety	1,879,500	1,824,360	(22,798)	4,834,476	5,151,306	(322,000)
Public works	-	-	-	8,911,484	7,369,448	(1,542,036)
Health and welfare	114,484	118,166	(13,746)	3,796,122	3,718,711	(198,158)
Culture and recreation	-	-	-	1,121,267	1,609,139	487,872
Economic development	68,932	10,202	22,731	-	-	-
Capital outlay	388	505	(217)	189,626	189,118	5,507
Other	3,346	1,580	(1,766)	-	-	-
Intergovernmental	2,200	5,479	(1,279)	-	-	-
Total expenditures	4,790,741	6,090,687	296,034	21,991,677	22,180,740	(189,063)

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total (Major Fund Only) Primary Government
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,411,246	\$(6,052,815)	\$(73,329)	\$4,521,660	\$(1,994,238)
Other Financing Sources (Used)					
Proceeds of refunding bonds	-	-	1,740,000	-	1,740,000
Payments of refunding bond interest agent	-	-	(1,740,000)	-	(1,740,000)
Loan Proceeds	-	-	-	180,750	180,750
Proceeds on fixed asset disposal	-	170,178	-	-	170,178
Operating transfers in	370,560	80,254,052	1,816,891	1,625,282	13,066,885
Operating transfers out	(3,808,711)	(1,64,078)	(250,800)	(86,418)	(12,966,107)
Total other financing sources (uses)	\$(3,138,151)	\$80,228,244	\$65,891	\$1,919,614	\$13,699
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$(1,996,470)	1,831,289	\$(1,438)	\$(2,983,694)	\$(2,378,114)
Fund Balances (Debits)					
Beginning of year	3,663,690	(238,484)	2,113,117	1,887,846	8,296,679
Residual equity transfer	36,487	(16,487)	-	-	-
End of year	\$ 3,805,658	\$ (254,971)	\$ 2,113,117	\$ 1,887,846	\$ 8,296,679

See notes to the general purpose financial statement.

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

St. Bernard Parish Government

For the year ended December 31, 1998

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total (Millions and/or Only Primary Government)
Revenues (Note 1)					
Taxes:					
Ad valorem	\$ 431,256	\$ 3,665,280	\$ 571,580	\$ -	\$ 4,668,116
Sales taxes	12,679,739	-	-	-	12,679,739
Other taxes, penalties, and interest, etc.	340,536	300,945	-	-	1,041,471
Licenses and permits	815,812	115,688	-	-	1,130,158
Federal grants	40,899	3,148,900	-	-	5,891,801
State funds:					
Funds transportation funds	-	654,761	-	-	654,761
State revenue sharing	49,831	343,668	-	-	393,499
Other state funds	117,969	1,048,120	-	298,608	2,464,717
Fees, charges, and contributions for services:					
Fees and royalties	-	276,883	-	-	276,883
Use of money and property	148,644	131,408	100,807	21,651	399,508
Special assessments	-	-	49,365	278,588	278,588
Other revenues	22,741	(83,051)	-	287	218,609
Total revenues	13,925,007	11,110,688	728,818	541,862	26,296,415
Expenditures (Note 1)					
General government:					
Legislative	209,644	38,208	-	-	348,152
Judicial	543,162	874,791	-	-	1,417,953
Executive	74,640	-	-	-	74,640
Finance and administration	1,881,408	184,815	94,799	-	2,091,107
Other general government	479,382	3,308,631	-	-	3,788,013
Public safety	1,484,263	3,399,308	-	-	4,883,571
Public works	-	3,168,498	-	8,148,189	11,321,687
Health and welfare	128,168	3,308,175	-	-	3,436,343
Culture and recreation	-	1,683,191	-	-	1,683,191
Economic development	18,262	-	-	-	18,262
Capital outlay	215	508,119	-	989,944	1,493,278
Debt service:					
Principal	3,295	-	661,888	-	665,183
Interest and service charges	3,478	-	718,408	-	721,886
Total expenditures	4,444,647	21,182,740	1,475,147	9,048,129	25,150,663

**VALUED INTERNATIONAL
EQUITY INVESTMENTS**

Category	Open Value	Adjusted Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Total	\$ 23,543	\$ 19,754	\$	\$ 66,000	\$ 13,330	\$ 15,400	\$	\$	\$ 378,324	\$
Accounts receivable	1,000	1,000			1,400				1,400	
Accounts payable	(500)	(500)			(500)				(500)	
Business assets	1,000	1,000							1,000	
Current and deferred tax assets	40,000	40,000							40,000	
Debt	1,000	1,000							1,000	
Equity	1,000	1,000							1,000	
Equity investments										
Equity investments - owned (10%)										
Equity investments - owned (20%)										
Equity investments - owned (30%)										
Equity investments - owned (40%)										
Equity investments - owned (50%)										
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Equity investments - other (990%)										
Equity investments - other (1000%)										

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 1997, on our consideration of the St. Bernard Parish Government's internal control structure and a report dated May 23, 1997 on its compliance with laws and regulations.

As discussed in Note 10 to the general purpose financial statements, the St. Bernard Parish Government is a defendant in numerous lawsuits seeking damages which cannot be quantified. These lawsuits are in various stages of resolution, and their ultimate outcome cannot presently be determined. Accordingly, no provision for any liability that may result has been made in the general purpose financial statements.

As discussed in Note 21 to the general purpose financial statements, in the current year the St. Bernard Parish Government changed its method of allocating common expenditures from the General Fund to the Internal Service Fund.

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

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of federal financial assistance - primary government is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
May 23, 1997.



Bourgeois & Bonness

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, State of Louisiana, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Bernard Parish Government. 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 proprietary fund types - enterprise fund and the discretely presented component unit, St. Bernard Parish Home Mortgage Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the general purpose financial statements, insofar as it relates to the amounts included for the proprietary fund types - enterprise fund and the discretely presented component unit, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget Circular A-128, *Standards of State and Local Government*. These standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statement 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 reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the St. Bernard Parish Government as of December 31, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.

1

TABLE OF CONTENTS (Continued)

	Schedules	Page
Special Reports of Certified Public Accountants		
Independent Auditor's Report on the Internal Control Structure Based on an Audit of the Primary Government - General Purpose Financial Statements Performed in Accordance with Government Auditing Standards		97 - 99
Independent Auditor's Single Audit Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs		100 - 104
Independent Auditor's Report on Compliance Based on an Audit of the Primary Government General Purpose Financial Statements Performed in Accordance with Government Auditing Standards		105 - 106
Independent Auditor's Single Audit Report on Compliance with General Requirements Applicable to Federal Financial Assistance Programs		107 - 108
Independent Auditor's Single Audit Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs		109 - 110
Independent Auditor's Single Audit Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions		111 - 112
Independent Auditor's Report on Schedule of Federal Financial Assistance - Primary Government		113 - 114
Schedule of Federal Financial Assistance - Primary Government	9	115 - 118
Notes to Schedule of Federal Financial Assistance - Primary Government		119
Schedule of Findings and Questioned Costs	10	120 - 129
Follow-up on Prior Year Findings	11	131 - 139
Independent Auditor's Comments On Resolution of Prior Audit Findings		140

TABLE OF CONTENTS (Continued)

	Schedules	Page
Supplemental Information		
Combining Financial Statements - Governmental Fund Types:		
Special Revenue Funds:		
Combining Balance Sheet	1	77 - 79
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)	2	80 - 83
Debt Service Funds:		
Combining Balance Sheet	3	84 - 85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	4	86 - 87
Capital Projects Funds:		
Combining Balance Sheet	5	88 - 89
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	6	90 - 91
Schedule of Changes in Long-Term Debt - Governmental and Enterprise Funds	7	92 - 95
Compensation Paid Parish Council Members	8	96

TABLE OF CONTENTS

St. Bernard Parish Government

December 31, 1996

	Exhibits	Page
Independent Auditor's Report		1 - 2
General Purpose Financial Statements		
Combined Balance Sheet - All Fund Types and Account Groups	A	3 - 4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit) - All Governmental Fund Types	B	5 - 6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Budget and Actual - All Governmental Fund Types	C	7 - 10
Combined Statement of Revenues and Expenses - All Proprietary Fund Types	D	11
Combined Statement of Changes in Retained Earnings and Contributed Capital - All Proprietary Fund Types	E	12
Combined Statement of Cash Flows - All Proprietary Fund Types	F	13 - 14
Notes to General Purpose Financial Statements	G	15 - 76

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Financial Report
St. Bernard Parish Government

Chalmette, Louisiana

December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or enclosed, 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 Jan. 31, 1997

ST 2000 10 10 00

Program Requirement	Findings / Noncompliance	Questioned Costs
---------------------	--------------------------	---------------------

Specific Requirements (Continued)

Section 8 Rent Subsidy / Reporting

- | | |
|---|----------------|
| 2) Upon inspection of the tenant files for Section 8 certificate programs, various requirements were not met which resulted in the following unrecorded and (questioned) costs: | |
| a) Two instances were noted where proper support for income verification was not contained in the file. | \$(299) |
| b) Two instances were noted where proper support for rent increases was not contained in the file. | (40) |
| c) Six instances were noted where utility allowances were calculated incorrectly. | 64 |
| d) Fourteen instances were noted where the file did not contain all forms required by HUD. | -9- |
| Net questioned costs | <u>\$(276)</u> |

Tenant files should contain all required forms and information. Utility allowances should be calculated based on actual bedrooms rather than the actual size of the apartment. It was recommended that all tenant files be reviewed for required documents and all utility allowance calculations be reviewed for accuracy.

Response: The Human Resources Department has been notified that all files must be complete in order for participants in the programs to receive benefits. The department has noted that steps have been taken to eliminate these instances from reoccurring.

Program
Requirement

Findings / Noncompliance

Questioned
Costs

Specific Requirements (Continued)

Section 8 Rent Subsidy / Reporting (Continued)

- 3) Budget reports for the Section 8 Rent Subsidy program were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing this report timely is a violation of the grant and could jeopardize future funding. It was recommended that these reports be filed timely and make all responsible individuals aware of the timetable in filing these reports.

5-0

Response: Computer software programs have been added to aid in the process of complying with the reporting requirements of the program. The Human Resources Director has stated that progress has been made in eliminating these comments from the audit report.

- 4) The close out reports (Voucher for Payment of Annual Contributions and Operating Statement and the Balance Sheet) were filed late. These reports should be filed in accordance with the guidelines of the grant. Filing of the required reports late is a violation of the grant and could jeopardize future funding. It was recommended that all responsible individuals be made aware of the timetable in filing these reports.

5-0

Response: The Human Resources Department experienced several personnel changes that adversely affected the completion of the close out reports for the prior fiscal year. These problems have been rectified and the reports have been filed in a timely manner this year.

Program
Housing

Findings / Noncompliance

Questioned
Costs

Specific Requirements (Continued)

Section 8 Rent Subsidy / Reporting (Continued)

- 5) Supporting documentation for the Section 8 Annual Contributions Estimates report was not maintained. This information is used for projecting estimates in housing assistance payments and tenant rental payments. Proper documentation should be maintained to substantiate the reports. It was recommended that the proper documentation be maintained.

5-0

Response: The importance of complying with all Section 8 requirements has been stressed to the Human Resources Department. We have also suggested more efficient means of obtaining compliance. Polish government is confident that these concerns will be corrected in the future.

Section 8 Housing Voucher / Reporting

- 6) Upon inspection of the tenant files for Section 8 voucher program, various requirements were not met which resulted in the following questioned costs:
- a) Twenty-three instances were noted where the tenant file did not contain an application. 5 -0-
 - b) One instance was noted where HUD forms were prepared incorrectly. -0-
 - c) Three instances were noted where utility allowances were calculated incorrectly. -0-
 - d) One instance was noted where the payment register was not properly updated causing the incorrect amount to be paid to a landlord. 18

Program Requirement	Findings / Noncompliance	Questioned Costs
------------------------	--------------------------	---------------------

Specific Requirements (Continued)

Section 8 Housing Voucher / Reporting (Continued)

c) One instance was noted where proper support for income verification was not contained in the file.	285
---	-----

Net questioned costs	285
----------------------	-----

Tenant files should contain all required forms and information. Utility allowances should be calculated based on actual bedroom surface than the actual size of the apartment. Additionally, the payment register should be updated for all new contracts signed so that the proper amount is remitted to landlords. It was recommended that all tenant files be reviewed for required documents and all utility allowance calculations be reviewed for accuracy. It was also recommended that the payment register be updated when a new contract is signed.

Response: The Human Resources Department has been notified that all files must be complete in order for participants in the program to receive benefits. The department has noted that steps have been taken to eliminate these instances from reoccurring.

- 7) Budget reports for the Section 8 Voucher program were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing this report timely is a violation of the grant and could jeopardize future funding. It was recommended that these reports be filed timely and make all responsible individuals aware of the timeliness in filing these reports.

5-4

Program
Requirement

Findings/Noncompliance

Questioned
Costs

Specific Requirements (Continued)

Section 8 Housing Voucher / Reporting (Continued)

Response: Computer software programs have been added to aid in the process of complying with the reporting requirements of the program. The Human Resources Director has stated that progress has been made in streamlining these concerns down the audit report.

- 3) The close out reports (Voucher for Payment of Annual Contributions and Operating Statement and the Balance Sheet) were filed late. These reports should be in accordance with the guidelines of the grant. Filing of the required reports late is a violation of the grant and could jeopardize future funding. It was recommended that all responsible individuals be made aware of the timetable in filing these reports.

S-D

Response: The Human Resources Department experienced several personnel changes that adversely effected the completion of the close out reports for the prior fiscal year. These problems have been rectified and the reports have been filed in a timely manner this year.

Daycare Home Program / Reporting

- 3) For one month, the Daycare expenditure report was filed late. This report should be filed in accordance with the guidelines of the grant. Not filing this report timely is a violation of the grant and could jeopardize future funding. It was recommended that this report be filed timely and make all responsible individuals aware of the timetable in filing this report.

S-D

Program
Recipient

Findings/Noncompliance

Quantified
Costs

Specific Requirements (Continued)

Daycare Home Program / Reporting (Continued)

Response: The monthly Daycare report in question that was filed late was an isolated incident due to a back load of work. All other reports were filed appropriately.

- 10) Reconciliations between the general ledger and the report filed with the granting agency were not performed in the current year. These reconciliations should be prepared for all Federal reports which are filed. It was recommended that the reports be agreed to the general ledger and any differences be documented.

3-0.

Response: A post year reconciliation was implemented to assure that the general ledger and the reports filed with the state correspond. Additional steps will also be taken to eliminate any difference at year end.

Community Services Block Grant / Reporting

- 11) The Community Services Block Grant monthly expenditure reports were filed late. These reports should be filed in accordance with the guidelines of the grant. Not filing these reports timely is a violation of the grant and could jeopardize future funding. It was recommended that these reports be filed timely and make all responsible individuals aware of the timetable in filing these reports.

5-0.

Response: The Human Resources Department has been notified of the importance of filing timely reports. The problems will continuously be addressed till they are eliminated.

**INDEPENDENT AUDITOR'S COMMENTS ON
RESOLUTION OF PRIOR AUDIT FINDINGS**

St. Bernard Parish Government

For the year ended December 31, 1996

Program Requirement	Schedule 10	Schedule 11
General Requirements:		
• Federal Program Sharing Department of Transportation and FTA	3	2
Specific Requirements:		
• Food Coupon	1	1
• Section 8 Rent Subsidy	2,3,4,5	2,3,4,5
• Section 8 Housing Voucher	6,7,8	6,7,8
• Daycare Home Program	8,10	Resolved, 10
• Community Services Block Grant	11	11
• Federal Emergency Management Assistance	12	Resolved
• Lifecap Program	13	Resolved



Bourgeois Bennett

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

We have audited the general purpose financial statements of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 1986, and have issued our report thereon dated May 25, 1987. In planning and performing our audit we considered the parish government's internal control structure in order to determine 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 structure.

Repeatable conditions noted during our consideration of the internal control structure have been reported on in a separately issued report entitled "Independent Auditors' Report on the Internal Control Structure Based on an Audit of the Primary Government General Purpose Financial Statements Performed In Accordance With Government Auditing Standards".

This memorandum summarizes various other matters which have come to our attention. While not involving repeatable conditions, these matters do present opportunities for strengthening the internal control structure and improving the operating efficiency of the parish government.

It should be noted that these comments relate only to those funds and account groups which make up the "primary government" except for the proprietary fund type-Enterprise Fund which was audited by other auditors. Comments relating to the discretely presented component unit - St. Bernard Parish Home Mortgage Authority are not included here, but are available from the Authority.

We have already discussed many of these comments and suggestions with various administrative personnel and have included their responses. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, La.
May 23, 1987.

Cash Receipts

- 1) During our review of cash receipts for beer and liquor permits it was noted that receipts are not given to vendors when payment is made on permit renewals. We recommend that prenumbered receipts be used and completed for all payments received for these permits. The receipts should document the date funds were received, the amount received and the name of the vendor paying for the permit. We also suggest that cash and checks received be forwarded to the accounting department for processing and deposit on a daily basis.

Response: The Parish's Internal Auditor has completed an in-depth analysis of beer and liquor permits and recommended a control structure that will eliminate the problems in the department. The Finance Department has also reviewed the suggestions from the external auditors and will also incorporate them into new control structure of the department.

General

- 2) During our testing of the parish government's work order system, it was noted where the time listed on the employees time and attendance reports could not be agreed to the time listed on the work order selected for testing. It is our understanding that time and attendance reports for the public works department do not provide a detailed listing of the work performed by each employee. Currently the Government Accounting Standards Board is researching a new reporting model which will require the reporting of certain infrastructure expenditures in the general fixed asset account group of local governments. We recommend that a separate time and attendance report be developed for the public works department which provide greater detail of the work performed by parish employees. This will enable the parish government to capture all cost on a project by project basis and would allow for implementation when the new standards become effective.

Response: The Public Works director plans to implement a fully costalized computer program that tracks job times, hours and employees' work. The computer system would then generate all the appropriate documents. However, for the current year work orders can not be reconciled with time sheets.

- 3) During the current year audit it was noted that a payment in the amount of \$36,000 was received from Mobil Oil Co. for lease of parish land. This lease had expired in 1984 and had not been renewed. All property and land which is leased out by the parish government should have a lease detailing the responsibilities of the two parties involved. With no lease in existence, the responsibilities of the lessee and lessor are not documented in case of any dispute. We recommend that a lease be drawn up and executed with Mobil Oil Co. for the lease of this land.

Response: To this date a written lease agreement has yet to be secured from Mobil. The agreement is still in effect and the parish government is continuing its efforts to secure the lease in writing.