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Financial Report

St. Bernard Parish Government

Chalmette, Louisiana

December 31, 2003



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Release Date 7-21-04

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REBOWE & COMPANY

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INDEPENDENT AUDITOR'S REPORT

To the St. Bernard Parish Council
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, (a political subdivision of the State of Louisiana), as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority, which statements reflect total assets of \$3,043,730 as of March 31, 2003 and total revenues of \$489,151 for the year then ended. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2004 on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1f to the financial statements, the St. Bernard Parish Government adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 38 - *Certain Financial Statement Note Disclosure* and Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of January 1, 2003. These new accounting standards result in a change in the format and content of the financial statements.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 58 through 63, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Government's basic financial statements. The combining nonmajor and internal service fund financial statements, and the supplemental schedules on pages 64 through 98 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor and internal service fund financial statements and the supplemental schedules on pages 64 through 98 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Wireless Emergency 911 Service supplementary information on page 99 is not a required part of the basic financial statements but is supplementary information required by the Louisiana Legislative Auditor. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Rebowe & Company

June 21, 2004

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2003**

As management of the St. Bernard Parish Government (the Parish), we offer readers of the Parish's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2003. We encourage readers to consider the information presented here in conjunction with the Parish's financial statements and the notes to the financial statements.

Management's Discussion and Analysis (MD&A) is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, since this is the first year of implementing the new reporting model, comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare the comparative data and that Statement No. 34 permits the omission of prior year data in the year of implementation, the Parish has elected not to prepare comparative data due to the cost of adjusting the prior year's financial statements to the new reporting model. Prior-year comparative data will be available in the future to provide a more meaningful comparative analysis of the government-wide data.

Financial Highlights

- The assets of the Parish exceeded its liabilities at the close of the most recent fiscal year by \$90,204,397 (net assets). Of this amount, \$19,699,828 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$6,188,277. The change is attributed to the issuance of \$6,970,000 of Sales Tax Bonds, Series 2003, an increase in sales taxes of approximately \$700,000 and the collection of current and prior year funds related to the E-911 tax.
- As of the close of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$15,885,739 an increase of \$7,289,116 in comparison with the prior year. Approximately \$11,361,750 of this total amount is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,429,849, or 33 percent of total general fund expenditures.
- The Parish's total debt increased by \$3,209,567 (16 percent) during the current fiscal year. The key factor in this increase was the issuance of \$6,970,000 of Sales Tax Bonds, Series 2003.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Parish's basic financial statements. The Parish's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Parish's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Parish's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Parish is improving or deteriorating.

The *statement of revenues, expenses and changes in net assets* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

Both of the government-wide financial statements distinguish functions of the Parish that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Both of the government-wide financial statements distinguish functions of the Parish that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the St. Bernard Parish Government include general government, public safety, public works, culture and recreation and health and welfare. The business-type activity of the Parish includes the water and sewerage operations.

The government-wide financial statements include not only the Parish itself (known as the *primary government*), but also a legally separate Home Mortgage Authority for which the Parish is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Water and Sewer Division and the Districts (the Division), St. Bernard Parish Library and St. Bernard Economic Development Commission, although also legally separate, function for all practical purposes as departments of the Parish, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 12 through 14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Parish, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Parish can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Parish maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works, Garbage District No. 1, Consolidated Fire Protection No. 1-2, the Library and 2003 Sales Tax Bonds, all of which are considered to be major funds. Data from the other 39 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 15 through 21 of this report.

Proprietary funds. The Parish maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Parish uses enterprise funds to account for its water and sewerage operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Parish's various functions. The Parish uses internal service funds to account for its self insurance program. Separate funds are maintained for costs related to governmental and business-type functions and activity is split accordingly in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Division and Water District No. 1, which are considered to be major funds of the Parish. Conversely, all other District funds are

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

combined into a single, aggregated presentation in the proprietary fund financial statements. The two internal services funds are also combined into a single, aggregated presentation. Individual fund data for the District funds and the internal service funds is provided in the form of *combining statements* elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 21 through 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 57.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning variances of budget to actual amounts for the General Fund and all major special revenue funds. Required supplementary information can be found on pages 58 through 63 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, proprietary and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64 through 95 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Parish, assets exceeded liabilities by \$90,204,397 at the close of the most recent fiscal year.

**St. Bernard Parish Government
Table 1
Net Assets**

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total Primary Government</u>
Current and other assets	\$ 32,346,505	\$ 17,856,279	\$ 50,202,784
Capital assets	<u>46,774,975</u>	<u>35,056,143</u>	<u>81,831,118</u>
Total assets	<u>79,121,480</u>	<u>52,912,422</u>	<u>132,033,902</u>
Long-term liabilities outstanding	10,204,932	12,710,643	22,915,575
Other liabilities	<u>13,381,529</u>	<u>5,532,401</u>	<u>18,913,930</u>
Total liabilities	<u>23,586,461</u>	<u>18,243,044</u>	<u>41,829,505</u>
Net assets:			
Invested in capital assets, net of related debt	34,148,331	23,065,669	57,214,000
Restricted	1,732,005	11,558,564	13,290,569
Unrestricted	<u>19,654,683</u>	<u>45,145</u>	<u>19,699,828</u>
Total net assets	<u>\$ 55,535,019</u>	<u>\$ 34,669,378</u>	<u>\$ 90,204,397</u>

By far the largest portion of the Parish's net assets (63 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Parish uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Parish's investment in its capital is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Parish's net assets (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$19,699,828) may be used to meet government's ongoing obligations to citizens and creditors.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

At the end of the current fiscal year, the Parish is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

**St. Bernard Parish Government
Table 2
Changes in Net Assets**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Revenues			
Program revenues			
Charges for services	\$ 5,248,927	\$ 9,856,531	\$ 15,105,458
Operating grants and contributions	7,411,514	121,225	7,532,739
Capital grants and contributions	6,256,470	-	6,256,470
General revenues			
Ad valorem taxes	7,254,294	136,652	7,390,946
Sales taxes	16,267,799	4,020,794	20,288,593
Other taxes	1,804,499	-	1,804,499
Unrestricted grants and investment earnings	515,682	217,418	733,100
Other general revenues	<u>1,047,565</u>	<u>201,710</u>	<u>1,249,275</u>
Total revenues	<u>45,806,750</u>	<u>14,554,330</u>	<u>60,361,080</u>
Program expenses			
General government	12,167,099	-	12,167,099
Public safety	7,049,869	-	7,049,869
Public works	15,989,098	-	15,989,098
Culture and recreation	4,463,009	-	4,463,009
Health and welfare	1,799,208	-	1,799,208
Interest on long-term debt	542,936	723,439	1,266,375
Water and sewer	-	11,438,145	11,438,145
Total expenses	<u>42,011,219</u>	<u>12,161,584</u>	<u>54,172,803</u>
Change in net assets	<u>\$ 3,795,531</u>	<u>\$ 2,392,746</u>	<u>\$ 6,188,277</u>

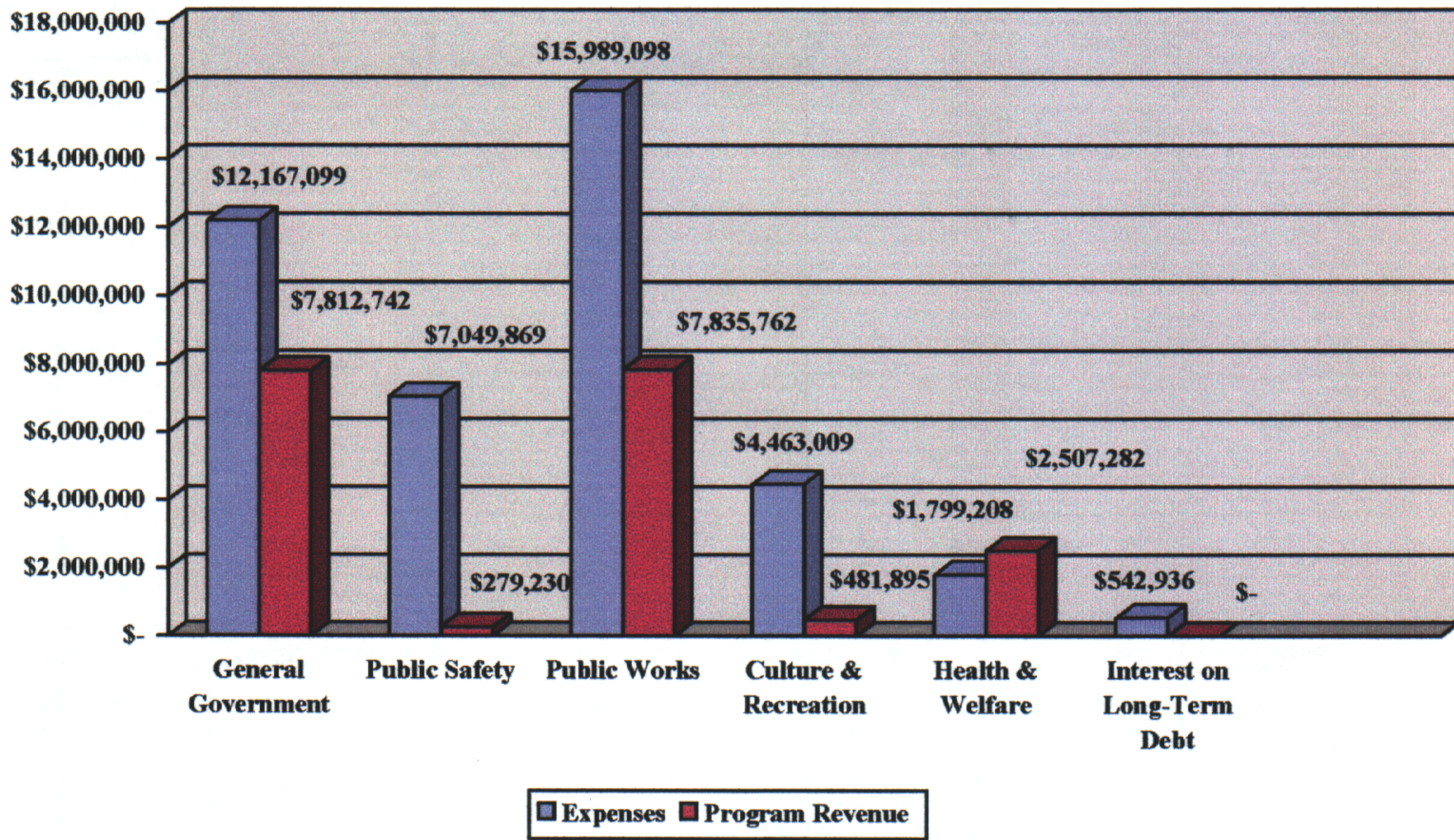
Governmental activities. Governmental activities increased the St. Bernard Parish Governments net assets by \$3,795,531, thereby accounting for 61 percent of the total growth in the net assets of the St. Bernard Parish Government.

Key elements of this increase are as follows:

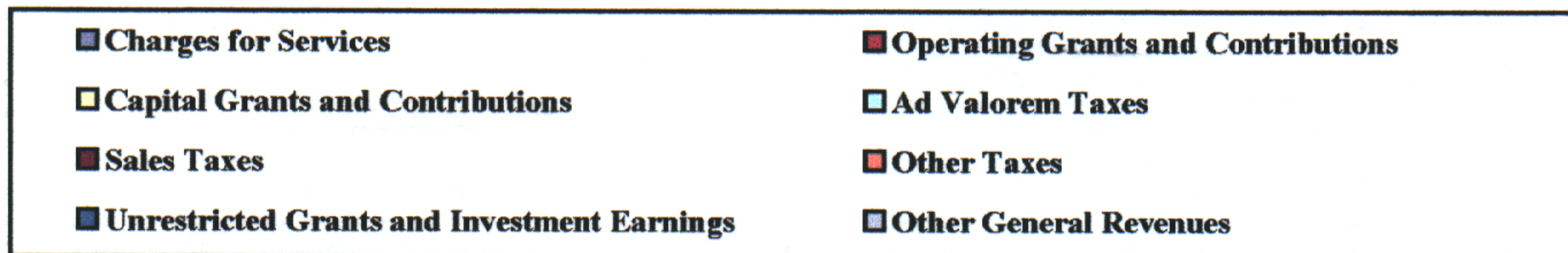
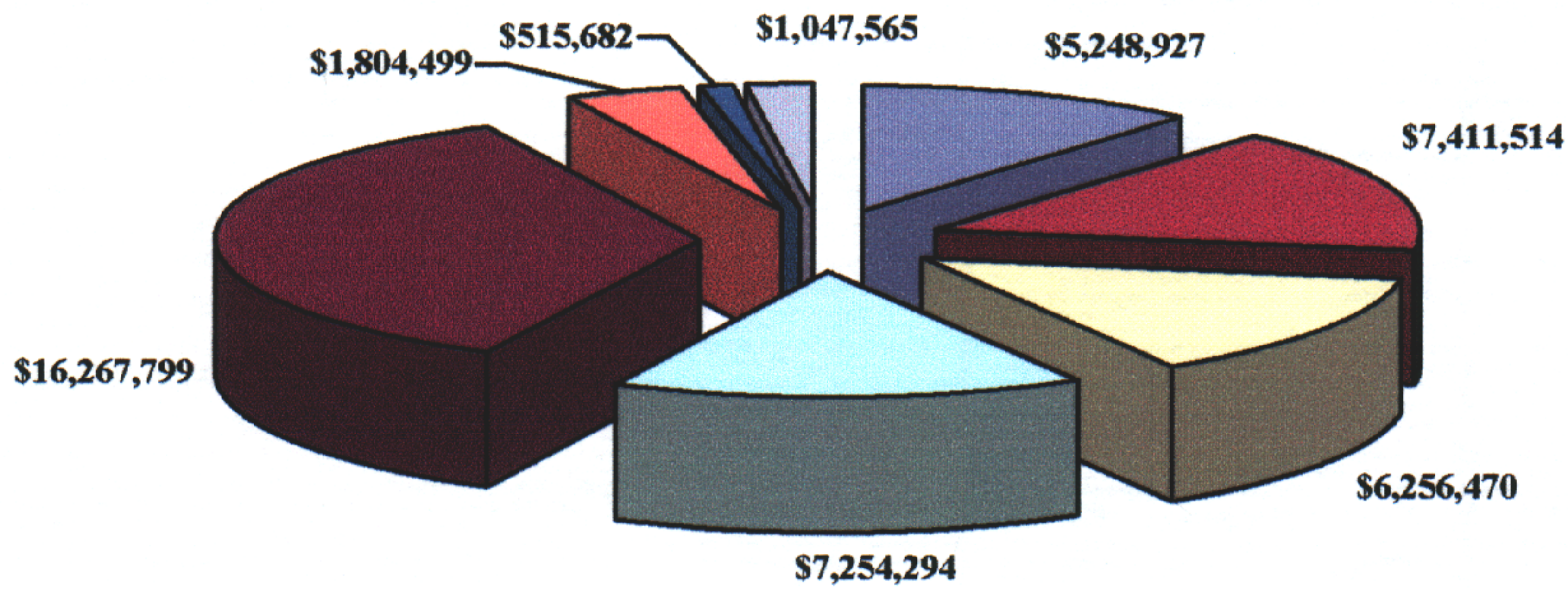
- Sales tax collections increased by approximately \$600,000.
- The Parish received additional road royalty funds during 2003 related to an increase in mineral leases as well as a portion of the settlement of a lawsuit.
- The Parish received proceeds from the issuance of \$6,970,000 in Sales Tax Bonds, Series 2003. Approximately \$2.2 million was spent in the year of issuance, with the remaining funds to be used over the next few years.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

Expenses and Program Revenues by Governmental Activities



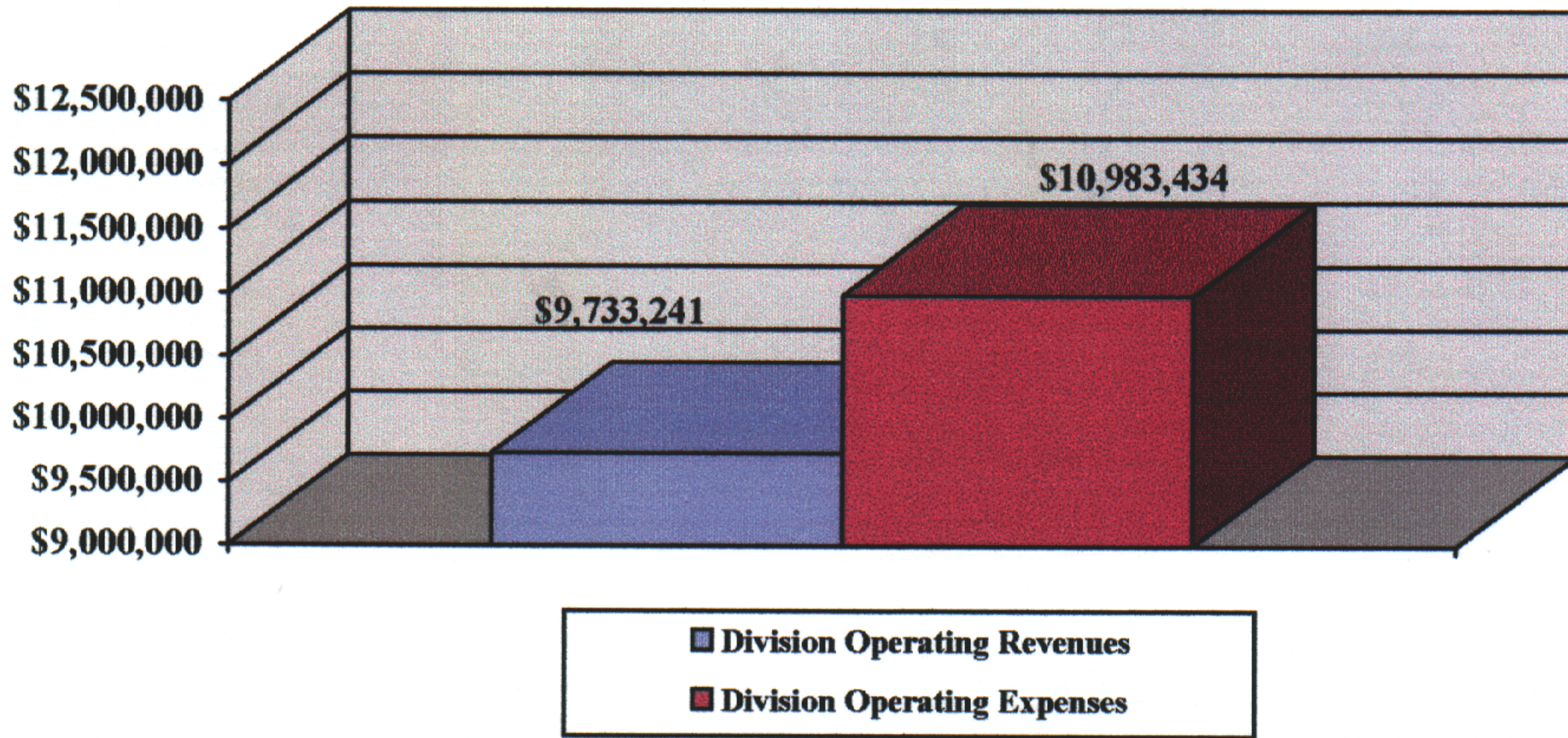
Revenues by Source - Governmental Activities



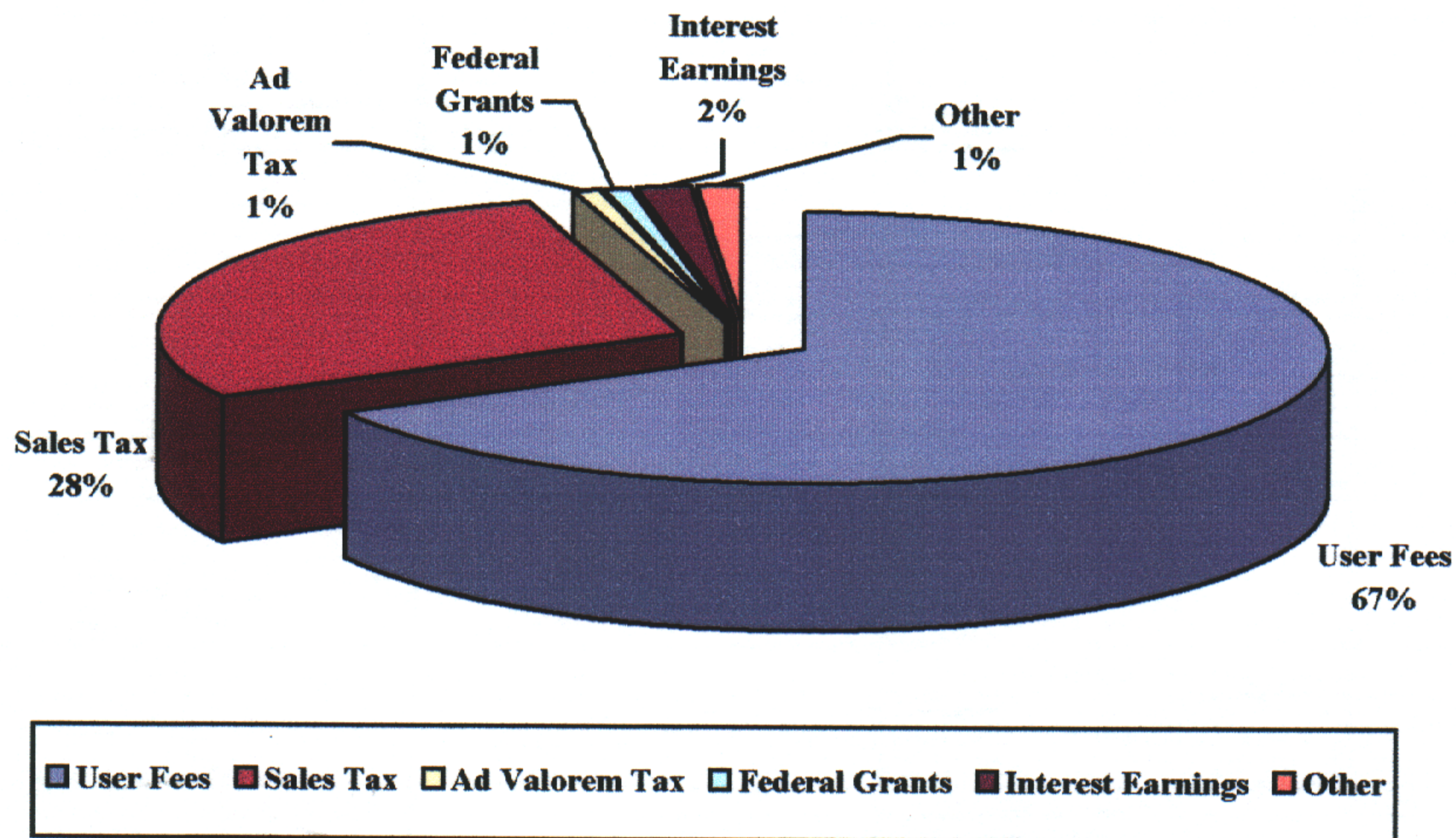
Business-type activities. Business-type activities increased the St. Bernard Parish Government's net assets by \$2,392,746, accounting for 39 percent of the total growth in the government's net assets.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

Expenses and Program Revenues - Business Type Activities



Revenues by Source - Business Type Activities



Key elements of this increase are as follows:

- Insurance and claims expense decreased by \$599,271.
- Depreciation and amortization expense decreased by approximately \$1,000,000.

Financial Analysis of the Government's Funds

As noted earlier, the Parish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

Governmental funds. The focus of the Parish's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Parish's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$15,885,739, an increase of \$7,289,116 in comparison with the prior year. Approximately two-thirds of this total amount (\$11,361,750) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2,791,984) or 2) to pay debt service (\$1,732,005).

The general fund is the chief operating fund of the Parish. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,429,849, while the total fund balance reached \$2,490,093. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Both unreserved and total fund balance represent approximately 33 percent of total general fund expenditures.

The fund balance of the St. Bernard Parish Government's general fund increased by \$629,107 during the current fiscal year. Key factors in this growth are as follows:

- The General Fund received a \$773,000 distribution from the Home Mortgage Authority.
- Sales tax revenues increased by approximately \$600,000 from the prior year. Deductions by the sheriff's office for the collection of sales tax also increased by \$56,000.
- The General Fund also experienced large increases in several expense line items, including repairs and maintenance and professional services.

The debt service funds have total combined fund balances of \$1,976,154, of which all but \$244,149 is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service funds was minimal (\$167,176). The decrease is attributed to the Parish using unreserved funds from previously paid off issuances to advance refund outstanding Public Improvement Refunding Bonds, Series ST-1996. Conversely, interest expenditures increased by \$248,340 during the current period as the result of new indebtedness incurred during the year.

Proprietary funds. The St. Bernard Parish Government's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Division and the Districts at the end of the year amounted to \$45,145. The total growth in net assets was \$2,366,464. The increase is not as high as it had been in previous years due to increased operating expenses and fewer grant revenues in the current year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Division's business-type activities.

General and Special Revenue Funds Budgetary Highlights

Differences between the original budget and the final amended budget were as follows:

- Actual sales tax revenues exceeded projected receipts by \$650,000.
- The Parish received a distribution of \$773,000 from the Home Mortgage Authority, which increased other revenue by said amount.
- Road royalty revenues increased by \$1,000,000 for additional proceeds related to the Parish's portion of a lawsuit and new mineral leases that began during the current fiscal year.

During the year, revenues and expenditures exceeded budgetary estimates. However, excess revenues were able to cover excess expenditures, thus eliminating the need to draw upon existing fund balance.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

Capital Asset and Debt Administration

Capital assets. The Parish's investment in capital assets for its governmental and business type activities as of December 31, 2003, amounts to \$81,831,118 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; furniture and fixtures; machinery and equipment; bridges; water and sewerage systems; canals and roads.

Major capital asset events during the current fiscal year included the following:

- Re-evaluation of the Parish's capitalization policy in conjunction with the adoption of GASB Statement No. 34. Changes made to the policy include adjusting the useful lives of the major asset classes and setting a higher capitalization threshold of \$5,000.
- Proceeds from the 2003 Sales Tax Bonds was used, in part, to fund the purchase of approximately \$500,000 of machinery and equipment for Public Works and the Fire Department.

Additional information on the St. Bernard Parish Government's capital assets can be found in note 8 on pages 41 through 42 of this report.

**St. Bernard Parish Government
Table 3
St. Bernard Parish Government - Capital Assets
(net of depreciation)**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Land	\$ 5,300,089	\$ 177,286	\$ 5,477,375
Land improvements	7,362	-	7,362
Buildings and improvements	27,635,674	57,442,490	85,078,164
Furniture, fixtures and equipment	2,459,125	124,667	2,583,792
Machinery and equipment	8,514,453	1,293,245	9,807,698
Road system	56,892,967	-	56,892,967
Bridges	1,583,445	-	1,583,445
Pipeline system	-	57,909,875	57,909,875
Construction in progress	<u>4,289,159</u>	<u>8,868,323</u>	<u>13,157,482</u>
Total capital assets	106,682,274	125,815,886	232,498,160
Less: accumulated depreciation	<u>59,907,299</u>	<u>90,759,743</u>	<u>150,667,042</u>
Total capital assets, net	<u>\$ 46,774,975</u>	<u>\$ 35,056,143</u>	<u>\$ 81,831,118</u>

Long-term debt. At the end of the current fiscal year, the Parish had total debt outstanding of \$22,889,517. Of this amount, \$3,925,000 comprises debt backed by the full faith and credit of the government and \$114,517 is special assessment debt for which the government is liable in the event of default by the property owners subject to assessment. The remainder of the Parish's debt (\$18,850,000) represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2003**

**St. Bernard Parish Government
Table 4
St. Bernard Parish Government – Outstanding Debt
General Obligation and Revenue Bonds**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
General obligation bonds	\$ 3,170,000	\$ 3,525,000	\$ 350,000	\$ 775,000	\$ 3,520,000	\$ 4,300,000
Certificates of indebtedness	405,000	500,000	-	-	405,000	500,000
Sales tax bonds	6,610,000	1,295,000	8,740,000	9,070,000	15,350,000	10,365,000
Special assessment bonds	114,517	152,689	-	-	114,517	152,689
Revenue bonds	-	-	3,500,000	4,385,000	3,500,000	4,385,000
Total	\$ 10,299,517	\$ 5,472,689	\$ 12,590,000	\$ 14,230,000	\$ 22,889,517	\$ 19,702,689

The St. Bernard Parish Government's total long-term debt, including compensated absences, increased by \$3,209,567 (16 percent) during the current fiscal year. The key factor in this increase was a \$6,970,000 sales tax revenue bond issuance for the Parish.

During the current fiscal year, the Parish advanced refunded \$1,295,000 of Public Improvement Bonds, Series ST-1996.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Parish is \$37,144,000, which is in excess of the Parish's outstanding general obligation debt.

Additional information on the Parish's long-term debt can be found in note 9 on pages 42 through 48 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Parish is currently 6.7 percent, which is an increase from a rate of 6.1 percent in June 2003. This approximates the change in the state's unemployment rate and the national average rate.
- All property within the Parish will be reassessed as of January 1, 2004.
- The Water and Sewer Division has not increased rates since 1997 and did not propose a rate increase for 2004.

All of these factors were considered in preparing the Parish's budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,429,849. The Parish has appropriated \$236,957 of this amount for spending in the 2004 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2004 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Parish's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Finance, 8201 W. Judge Perez Drive, Chalmette, LA 70043.

BASIC FINANCIAL STATEMENTS

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

	Primary Government			Component Unit Home Mortgage Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 15,296,827	\$ 146,452	\$ 15,443,279	\$ 337,188
Investments	3,193,937	-	3,193,937	1,935,252
Receivables (net of allowances for uncollectibles)				
Sales taxes	2,553,319	-	2,553,319	-
Ad valorem taxes	6,972,822	-	6,972,822	-
Beer and tobacco taxes	16,447	-	16,447	-
Cable franchise fees	148,526	-	148,526	-
Customer	-	477,336	477,336	-
Intergovernmental	2,007,394	61,195	2,068,589	-
Mortgage loans	-	-	-	686,951
Other	602,371	-	602,371	7,230
Unbilled charges	-	759,912	759,912	-
Due from other funds	1,153,242	27,811	1,181,053	-
Prepays	276,685	50,445	327,130	-
Inventory	-	154,663	154,663	-
Deferred special assessments	123,880	-	123,880	-
Deferred financing costs	-	-	-	72,903
Restricted assets - cash and cash equivalents	-	15,387,140	15,387,140	-
Restricted assets - receivables	-	791,325	791,325	-
Other assets	1,055	-	1,055	4,206
Capital assets (net of accumulated depreciation)	46,774,975	35,056,143	81,831,118	-
Total assets	<u>79,121,480</u>	<u>52,912,422</u>	<u>132,033,902</u>	<u>3,043,730</u>
LIABILITIES				
Cash overdraft	7,989,546	685,514	8,675,060	-
Accounts payable	2,635,700	1,340,339	3,976,039	-
Claims payable	2,064,033	448,078	2,512,111	-
Retainage payable	47,579	399,251	446,830	-
Salaries and payroll deductions payable	418,814	43,154	461,968	-
Payable from restricted assets	-	1,462,823	1,462,823	-
Due to other funds	27,811	1,153,242	1,181,053	-
Deferred revenues	43,711	-	43,711	-
Accrued interest payable	154,335	-	154,335	1,236
Non-current liabilities:				
Due within one year	1,048,172	1,708,136	2,756,308	80,790
Due in more than one year	9,156,760	11,002,507	20,159,267	1,463,857
Total liabilities	<u>23,586,461</u>	<u>18,243,044</u>	<u>41,829,505</u>	<u>1,545,883</u>
NET ASSETS				
Invested in capital assets, net of related debt	34,148,331	23,065,669	57,214,000	-
Restricted for:				
Debt service	1,732,005	3,126,725	4,858,730	-
Other purposes	-	8,431,839	8,431,839	-
Unrestricted	19,654,683	45,145	19,699,828	1,497,847
Total net assets	<u>\$ 55,535,019</u>	<u>\$ 34,669,378</u>	<u>\$ 90,204,397</u>	<u>\$ 1,497,847</u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Judicial	\$ 1,207,650	\$ 415,200	\$ -	\$ -
Finance and administration	2,029,184	-	-	-
Other general government	8,930,265	3,916,959	3,370,795	109,788
Public safety	7,049,869	101,404	177,826	-
Public works	15,989,098	112,635	1,576,445	6,146,682
Cultural and recreation	4,463,009	272,829	209,066	-
Health and welfare	1,799,208	429,900	2,077,382	-
Interest on long-term debt	542,936	-	-	-
Total governmental activities	<u>42,011,219</u>	<u>5,248,927</u>	<u>7,411,514</u>	<u>6,256,470</u>
Business-type activities:				
Water and sewer	11,438,145	9,856,531	121,225	-
Interest on long-term debt	723,439	-	-	-
Total business-type activities	<u>12,161,584</u>	<u>9,856,531</u>	<u>121,225</u>	<u>-</u>
Total primary government	<u>\$ 54,172,803</u>	<u>\$ 15,105,458</u>	<u>\$ 7,532,739</u>	<u>\$ 6,256,470</u>
Component unit:				
Home Mortgage Authority	\$ 175,206	\$ 63,893	\$ -	\$ -
Total component unit	<u>\$ 175,206</u>	<u>\$ 63,893</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property

Sales

Severance

E telephone

Other

Grants and contributions not restricted to specific programs

Investment earnings

Other general revenues

Total general revenues and transfers

Change in Net Assets

Net assets - beginning, restated

Net assets - ending

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

**Net (Expense) Revenue and
Changes in Net Assets**

<u>Governmental Activities</u>	<u>Primary Government</u>		<u>Component Uni Home Mortgage Authority</u>
	<u>Business-type Activities</u>	<u>Total</u>	
\$ (792,450)	\$ -	\$ (792,450)	\$ -
(2,029,184)	-	(2,029,184)	-
(1,532,723)	-	(1,532,723)	-
(6,770,639)	-	(6,770,639)	-
(8,153,336)	-	(8,153,336)	-
(3,981,114)	-	(3,981,114)	-
708,074	-	708,074	-
(542,936)	-	(542,936)	-
<u>(23,094,308)</u>	<u>-</u>	<u>(23,094,308)</u>	<u>-</u>
-	(1,460,389)	(1,460,389)	-
-	(723,439)	(723,439)	-
<u>-</u>	<u>(2,183,828)</u>	<u>(2,183,828)</u>	<u>-</u>
<u>(23,094,308)</u>	<u>(2,183,828)</u>	<u>(25,278,136)</u>	<u>-</u>
-	-	-	(111,313)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(111,313)</u>
7,254,294	136,652	7,390,946	-
16,267,799	4,020,794	20,288,593	-
750,059	-	750,059	-
527,879	-	527,879	-
526,561	-	526,561	-
239,972	-	239,972	-
275,710	217,418	493,128	9,002
1,047,565	201,710	1,249,275	416,256
<u>26,889,839</u>	<u>4,576,574</u>	<u>31,466,413</u>	<u>425,258</u>
3,795,531	2,392,746	6,188,277	313,945
<u>51,739,488</u>	<u>32,276,632</u>	<u>84,016,120</u>	<u>1,183,902</u>
<u>\$ 55,535,019</u>	<u>\$ 34,669,378</u>	<u>\$ 90,204,397</u>	<u>\$ 1,497,847</u>

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 667,013	\$ -
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Sales taxes	2,553,319	-	-
Ad valorem taxes	706,498	781,247	781,247
Beer and tobacco taxes	16,447	-	-
Cable franchise fees	148,526	-	-
Intergovernmental	39,364	1,652,436	43,530
Other	227,169	-	-
Deferred special assessments	-	-	-
Due from other funds	4,650,850	29,920	-
Prepays	33,012	28,593	3,471
Other assets	1,055	-	-
Total assets	<u>\$ 8,376,240</u>	<u>\$ 3,159,209</u>	<u>\$ 828,248</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash overdraft	\$ 2,703,478	\$ -	\$ 262,952
Accounts payable	309,915	67,574	405,710
Retainage payable	-	-	-
Salaries and payroll deductions payable	96,164	53,335	8,413
Due to other funds	2,776,590	3,038,300	151,173
Deferred revenues	-	-	-
Total liabilities	<u>5,886,147</u>	<u>3,159,209</u>	<u>828,248</u>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Encumbrances	60,244	77,511	2,519
Unreserved, designated for:			
Development	-	-	-
Unreserved, undesignated, reported in:			
General fund	2,429,849	-	-
Special revenue funds	-	(77,511)	(2,519)
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>2,490,093</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,376,240</u>	<u>\$ 3,159,209</u>	<u>\$ 828,248</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>2003 Sales Tax Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 389,459	\$ 4,820,955	\$ 4,697,109	\$ 10,574,536
-	2,950,000	-	-	2,950,000
-	-	-	-	2,553,319
1,930,320	965,735	-	1,807,775	6,972,822
-	-	-	-	16,447
-	-	-	-	148,526
41,230	-	-	230,834	2,007,394
23,896	-	-	348,064	599,129
-	-	-	123,880	123,880
-	-	-	2,971,074	7,651,844
37,233	-	-	87,875	190,184
-	-	-	-	1,055
<u>\$ 2,032,679</u>	<u>\$ 4,305,194</u>	<u>\$ 4,820,955</u>	<u>\$ 10,266,611</u>	<u>\$ 33,789,136</u>
\$ 1,559,880	\$ -	\$ -	\$ 3,463,236	\$ 7,989,546
36,015	-	972,732	695,457	2,487,403
-	-	-	47,579	47,579
195,080	22	-	65,800	418,814
241,704	-	-	584,696	6,792,463
-	-	-	167,592	167,592
<u>2,032,679</u>	<u>22</u>	<u>972,732</u>	<u>5,024,360</u>	<u>17,903,397</u>
-	-	-	1,732,005	1,732,005
35,315	-	2,094,813	521,582	2,791,984
-	2,295,000	-	-	2,295,000
-	-	-	-	2,429,849
(35,315)	2,010,172	-	1,150,311	3,045,138
-	-	-	244,149	244,149
-	-	1,753,410	1,594,204	3,347,614
-	<u>4,305,172</u>	<u>3,848,223</u>	<u>5,242,251</u>	<u>15,885,739</u>
<u>\$ 2,032,679</u>	<u>\$ 4,305,194</u>	<u>\$ 4,820,955</u>	<u>\$ 10,266,611</u>	<u>\$ 33,789,136</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

Total fund balances at December 31, 2003 - Governmental Funds		\$ 15,885,739
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 106,682,274	
Less accumulated depreciation	<u>(59,907,299)</u>	46,774,975
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		123,881
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(10,204,932)	
Accrued interest payable	<u>(154,335)</u>	(10,359,267)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		<u>3,109,691</u>
Net assets of governmental activities at December 31, 2003		<u>\$ 55,535,019</u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
REVENUES			
Taxes:			
Ad valorem	\$ 736,452	\$ 810,327	\$ 810,327
Sales and use	16,267,799	-	-
Other taxes, penalties, interest, etc.	851,545	-	-
Licenses and permits	1,084,204	-	-
Intergovernmental:			
Federal grants	31,067	158,746	-
State funds:			
Parish transportation funds	-	513,981	-
State revenue sharing (net)	58,505	65,293	65,296
Other	116,784	5,727,332	-
Fees, charges, and commissions for services	1,585,562	112,635	-
Fines and forfeitures	9,950	-	-
Use of money and property	35,072	(778)	(1,256)
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	791,479	3,253	-
Total revenues	<u>21,568,419</u>	<u>7,390,789</u>	<u>874,367</u>
EXPENDITURES			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	2,012,633	-	-
Other general government	5,391,050	-	-
Public safety	-	-	-
Public works	-	4,530,901	5,462,321
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	67,423	123,032	-
Total expenditures	<u>7,471,106</u>	<u>4,653,933</u>	<u>5,462,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,097,313</u>	<u>2,736,856</u>	<u>(4,587,954)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,715,833	275,266	4,738,633
Transfers out	(17,184,039)	(3,012,122)	(150,679)
Proceeds from long-term debt	-	-	-
Total other financing sources (uses)	<u>(13,468,206)</u>	<u>(2,736,856)</u>	<u>4,587,954</u>
Net change in fund balances	629,107	-	-
Fund balances - beginning	<u>1,860,986</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,490,093</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>2003 Sales Tax Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,000,968	\$ 1,021,230	\$ -	\$ 1,874,990	\$ 7,254,294
-	-	-	-	16,267,799
151,454	-	-	527,879	1,530,878
-	-	-	309,410	1,393,614
119,189	-	-	6,502,139	6,811,141
-	-	-	109,788	623,769
61,845	78,764	-	90,141	419,844
653	-	-	121,000	5,965,769
3,911	8,919	-	486,235	2,197,262
-	17,831	-	361,457	389,238
(28,440)	130,634	50,576	18,512	204,320
-	-	-	34,250	34,250
-	8,168	-	-	8,168
98,938	5,694	1,917	332,116	1,233,397
<u>2,408,518</u>	<u>1,271,240</u>	<u>52,493</u>	<u>10,767,917</u>	<u>44,333,743</u>
-	-	-	1,196,045	1,196,045
-	-	-	16,551	2,029,184
-	-	-	3,518,798	8,909,848
6,628,828	-	-	217,400	6,846,228
-	-	1,657,484	2,706,639	14,357,345
-	452,390	-	3,707,722	4,160,112
-	-	-	1,735,629	1,735,629
-	-	-	2,143,172	2,143,172
-	-	(32)	528,417	528,385
50,188	134,909	601,805	1,131,322	2,108,679
<u>6,679,016</u>	<u>587,299</u>	<u>2,259,257</u>	<u>16,901,695</u>	<u>44,014,627</u>
<u>(4,270,498)</u>	<u>683,941</u>	<u>(2,206,764)</u>	<u>(6,133,778)</u>	<u>319,116</u>
4,500,491	-	-	8,783,224	22,013,447
(229,993)	-	(57,947)	(1,378,667)	(22,013,447)
-	-	6,112,920	857,080	6,970,000
<u>4,270,498</u>	<u>-</u>	<u>6,054,973</u>	<u>8,261,637</u>	<u>6,970,000</u>
-	683,941	3,848,209	2,127,859	7,289,116
-	3,621,231	14	3,114,392	8,596,623
<u>\$ -</u>	<u>\$ 4,305,172</u>	<u>\$ 3,848,223</u>	<u>\$ 5,242,251</u>	<u>\$ 15,885,739</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 7,289,116
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,627,031
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	284,033
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(4,841,379)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(563,270)</u>
Change in net assets of governmental activities	<u><u>\$ 3,795,531</u></u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2003**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Other Enterprise Funds</u>		
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 146,452	\$ -	\$ -	\$ 146,452	\$ 4,722,291
Investments	-	-	-	-	243,937
Customer receivables (net of allowance for doubtful accounts of \$249,881)	477,336	-	-	477,336	3,242
Unbilled charges	759,912	-	-	759,912	-
Grant receivables	61,195	-	-	61,195	-
Due from other funds	27,811	-	94,078	121,889	1,256,050
Prepays	39,983	-	-	39,983	96,963
Inventory	154,663	-	-	154,663	-
Restricted Assets:					
Cash and cash equivalents:					
Revenue bond debt service reserve	1,440,668	-	-	1,440,668	-
Revenue bond debt service account	646,825	-	-	646,825	-
Capital renewal and replacement and system improvements accounts	4,423,598	-	-	4,423,598	-
Sales tax bond debt service reserve	965,073	-	-	965,073	-
Sales tax bond debt service account	2,040,171	-	-	2,040,171	-
Construction fund	1,437,348	-	-	1,437,348	-
Inflow and infiltration	3,436,675	-	-	3,436,675	-
Other debt service accounts	-	89,731	321,336	411,067	-
Customer meter deposits	585,715	-	-	585,715	-
Sales tax receivable	662,819	-	-	662,819	-
Ad valorem taxes receivable (net of allowance for doubtful accounts of \$4,573)	-	-	128,506	128,506	-
Total restricted assets	<u>15,638,892</u>	<u>89,731</u>	<u>449,842</u>	<u>16,178,465</u>	<u>-</u>
Total current assets	<u>17,306,244</u>	<u>89,731</u>	<u>543,920</u>	<u>17,939,895</u>	<u>6,322,483</u>
Capital assets (net of accumulated depreciation)	<u>35,056,143</u>	<u>-</u>	<u>-</u>	<u>35,056,143</u>	<u>-</u>
Total assets	<u>52,362,387</u>	<u>89,731</u>	<u>543,920</u>	<u>52,996,038</u>	<u>6,322,483</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2003**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Other Enterprise Funds</u>		
LIABILITIES					
Current liabilities:					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 685,514
Accounts payable	1,307,064	-	-	1,307,064	181,572
Self insurance claims payable	-	-	-	-	2,512,111
Salaries payable	43,154	-	-	43,154	-
Retainage payable	399,251	-	-	399,251	-
Due to other funds	2,134,140	68,653	-	2,202,793	34,527
Total current liabilities	<u>3,883,609</u>	<u>68,653</u>	<u>-</u>	<u>3,952,262</u>	<u>3,413,724</u>
Current liabilities payable from restricted assets:					
Bonds payable	1,270,000	-	180,000	1,450,000	-
Accrued interest payable	115,578	-	7,728	123,306	-
Customer deposits	1,326,217	-	-	1,326,217	-
Inspection deposits	13,300	-	-	13,300	-
Total current liabilities payable from restricted assets	<u>2,725,095</u>	<u>-</u>	<u>187,728</u>	<u>2,912,823</u>	<u>-</u>
Noncurrent liabilities:					
Accrued vacation leave	258,136	-	-	258,136	-
Bonds payable, net of unamortized debt expense	10,845,237	-	157,270	11,002,507	-
Total noncurrent liabilities	<u>11,103,373</u>	<u>-</u>	<u>157,270</u>	<u>11,260,643</u>	<u>-</u>
Total liabilities	<u>17,712,077</u>	<u>68,653</u>	<u>344,998</u>	<u>18,125,728</u>	<u>3,413,724</u>
NET ASSETS					
Invested in capital assets, net of related debt	23,065,669	-	-	23,065,669	-
Restricted for:					
Capital renewal and replacement and system improvements	5,009,313	21,078	-	5,030,391	-
Debt service	2,927,803	-	198,922	3,126,725	-
Inflow and infiltration	3,602,380	-	-	3,602,380	-
Self insurance	-	-	-	-	2,908,759
Unrestricted	45,145	-	-	45,145	-
Total net assets	<u>\$ 34,650,310</u>	<u>\$ 21,078</u>	<u>\$ 198,922</u>	<u>34,870,310</u>	<u>\$ 2,908,759</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(200,932)	
Net assets of business-type activities				<u>\$ 34,669,378</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Other Enterprise Funds</u>		
OPERATING REVENUES					
Charges for service	\$ 9,531,531	\$ -	\$ -	\$ 9,531,531	\$ 1,442,153
Other operating revenues	201,710	-	-	201,710	10,843
Total operating revenues	<u>9,733,241</u>	<u>-</u>	<u>-</u>	<u>9,733,241</u>	<u>1,452,996</u>
OPERATING EXPENSES					
Personal services and related benefits	2,647,481	-	-	2,647,481	319,601
Utilities	1,277,732	-	-	1,277,732	-
Contractual services, supplies, and materials	3,198,266	-	-	3,198,266	-
Professional services	1,120,243	-	-	1,120,243	111,400
Insurance premiums	-	-	-	-	749,990
Insurance and claims expense	630,782	-	-	630,782	860,912
Depreciation and amortization	1,778,698	-	11,443	1,790,141	-
Other	318,789	-	-	318,789	495
Total operating expenses	<u>10,971,991</u>	<u>-</u>	<u>11,443</u>	<u>10,983,434</u>	<u>2,042,398</u>
Operating loss	<u>(1,238,750)</u>	<u>-</u>	<u>(11,443)</u>	<u>(1,250,193)</u>	<u>(589,402)</u>
NONOPERATING REVENUES (EXPENSES)					
Sales tax	4,020,794	-	-	4,020,794	-
Ad valorem tax for debt retirement	-	-	136,652	136,652	-
Interest earnings:					
Restricted assets	219,075	1,145	4,699	224,919	-
Current assets	1,063	-	-	1,063	52,414
Interest expense and bank fees	(695,792)	-	(27,647)	(723,439)	-
Federal grants	121,225	-	-	121,225	-
Deductions from taxes	(160,645)	-	(3,912)	(164,557)	-
Total nonoperating revenues (expenses)	<u>3,505,720</u>	<u>1,145</u>	<u>109,792</u>	<u>3,616,657</u>	<u>52,414</u>
Income (loss) before transfers	2,266,970	1,145	98,349	2,366,464	(536,988)
Transfers in	-	-	25,425	25,425	-
Transfers out	(25,425)	-	-	(25,425)	-
Change in net assets	2,241,545	1,145	123,774	2,366,464	(536,988)
Total net assets - beginning	<u>32,408,765</u>	<u>19,933</u>	<u>75,148</u>	<u>3,445,747</u>	<u>3,445,747</u>
Total net assets - ending	<u>\$ 34,650,310</u>	<u>\$ 21,078</u>	<u>\$ 198,922</u>	<u>\$ 2,908,759</u>	<u>\$ 2,908,759</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				<u>26,282</u>	
Change in net assets of business-type activities				<u>\$ 2,392,746</u>	

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Other Enterprise Funds</u>		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 8,801,442	\$ -	\$ -	\$ 8,801,442	\$ 1,438,941
Payments to suppliers	(6,024,182)	-	(21)	(6,024,203)	(2,487,164)
Payments to employees	(2,636,114)	-	-	(2,636,114)	-
Other operating receipts	201,710	-	-	201,710	10,843
Receipts from and payments for interfund services	753,526	-	-	753,526	(460,506)
Net cash provided (used) by operating activities	<u>1,096,382</u>	<u>-</u>	<u>(21)</u>	<u>1,096,361</u>	<u>(1,497,886)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Receipts from ad valorem taxes - debt retirement	-	-	157,827	157,827	-
Payments for deductions for taxes	(160,645)	-	(3,912)	(164,557)	-
Receipts from sales tax	4,675,103	-	-	4,675,103	-
Proceeds from federal grants	1,507,314	-	-	1,507,314	-
Acquisition and construction of capital assets	(6,070,746)	-	-	(6,070,746)	-
Principal paid on capital debt	(1,215,000)	-	(425,000)	(1,640,000)	-
Interest paid on capital debt	(715,522)	-	(36,997)	(752,519)	-
Net cash provided used by capital financing activities	<u>(1,979,496)</u>	<u>-</u>	<u>(308,082)</u>	<u>(2,287,578)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase of investments	-	-	-	-	(2,681)
Interest on cash management activities	220,138	1,145	4,699	225,982	52,414
Net cash provided by investing activities	<u>220,138</u>	<u>1,145</u>	<u>4,699</u>	<u>225,982</u>	<u>49,733</u>
Net increase (decrease) in cash and cash equivalents	(662,976)	1,145	(303,404)	(965,235)	(1,448,153)
Cash and cash equivalents - beginning	<u>15,785,501</u>	<u>88,586</u>	<u>624,740</u>	<u>16,498,827</u>	<u>5,484,930</u>
Cash and cash equivalents - ending	<u>\$15,122,525</u>	<u>\$ 89,731</u>	<u>\$ 321,336</u>	<u>\$15,533,592</u>	<u>\$ 4,036,777</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Water District No. 1</u>	<u>Other Enterprise Funds</u>		
Classified as:					
Cash and cash equivalents	\$ 146,452	\$ -	\$ -	\$ 146,452	\$ 4,722,291
Restricted cash and cash equivalents:					
Revenue bond debt service reserve	1,440,668	-	-	1,440,668	-
Revenue bond debt service account	646,825	-	-	646,825	-
Capital renewal and replacement and system improvements accounts	4,423,598	-	-	4,423,598	-
Sales tax bond debt service reserve	965,073	-	-	965,073	-
Sales tax bond debt service account	2,040,171	-	-	2,040,171	-
Construction fund	1,437,348	-	-	1,437,348	-
Inflow and infiltration	3,436,675	-	-	3,436,675	-
Other debt service accounts	-	89,731	321,336	411,067	-
Customer meter deposits	585,715	-	-	585,715	-
Cash overdraft	-	-	-	-	(685,514)
Totals	<u>\$15,122,525</u>	<u>\$ 89,731</u>	<u>\$ 321,336</u>	<u>\$15,533,592</u>	<u>\$ 4,036,777</u>
Reconciliation of operating loss to net cash used by operating activities:					
Operating loss	\$(1,238,750)	\$ -	\$ (11,443)	\$(1,250,193)	\$ (589,402)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:					
Depreciation and amortization	1,778,698	-	11,443	1,790,141	-
Increase in receivables	(620,997)	-	-	(620,997)	(3,212)
Increase in unbilled charges	(109,092)	-	-	(109,092)	-
Increase in inventory	(16,758)	-	-	(16,758)	-
Increase in prepaid expenses	(1,526)	-	-	(1,526)	(47,459)
Increase (decrease) in due to (from) other funds	753,526	-	-	753,526	(460,506)
Increase (decrease) in accounts payable and other accruals	551,281	-	(21)	551,260	90,694
Decrease in self insurance claims payable	-	-	-	-	(488,001)
Total adjustments	<u>2,335,132</u>	<u>-</u>	<u>11,422</u>	<u>2,346,554</u>	<u>(908,484)</u>
Net cash provided (used) by operating activities	<u>\$ 1,096,382</u>	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ 1,096,361</u>	<u>\$ (1,497,886)</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of St. Bernard Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Parish's accounting policies are described below.

a) Financial Reporting Entity

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: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) 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 financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No.14, *The Financial Reporting Entity*, 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 criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the Parish governing authority appoints a majority of board members of the potential component unit.
3. Fiscal interdependency between the Parish Government and the potential component unit.
4. Imposition of will by the Parish Government on the potential component unit.
5. Financial benefit/burden relationship between the Parish Government and the potential component unit.

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

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

The basic financial statements of the Primary Government include all funds 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 and include the Thirty-Fourth Judicial District Criminal Court Fund.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Blended Component Units

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

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

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

Discretely Presented Component Unit

The component unit columns in the combined basic financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority.

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of \$25,000,000 in Single Family Mortgage Revenue Bonds dated September 1, 1979, \$10,000,000 in Single Family Mortgage Revenue Bonds dated November 1, 1980, \$4,435,000 in Single Family Mortgage Refunding Bonds dated March 29, 1991, \$11,255,000 in 1992 Series A Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$2,130,000 in 1992 Series B-1 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, and \$3,000,000 (maturity amount) in 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds dated June 1, 1992. The bonds dated September 1, 1979 have been defeased and the bonds dated November 1, 1980 have been called. The \$11,255,000 in 1992 Series A bonds dated June 1, 1992 have matured.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

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. Separate audited financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2003.

Related Organizations

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

b) Basis of Presentation

The Parish government's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component unit and the fund financial statements (individual major fund and combined nonmajor fund). Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to the same limitation. The Parish government has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government and its component unit. As a general rule, the effect of interfund activity has been removed from these statements. *Governmental activities* represent programs which normally are supported by taxes and intergovernmental revenues. *Business-Type activities* are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs which can be specifically identified by function or segment, are included in the direct expenses of that function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Nonmajor funds (by category) or fund type are summarized into a single column.

The daily accounts and operations of the Parish government continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped into generic fund types and three broad fund categories as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

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. The General Fund is always a major fund.

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. The four special revenue funds reported as major funds in the fund financial statements are as follows:

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.

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 private firms. Revenues are derived from ad valorem taxes, state revenue sharing, and a ½% dedicated sales tax for garbage collection.

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

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

Debt Service Funds - Debt Service Funds are established to meet requirements of bond ordinances and to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. There are no debt service funds that are major funds.

Capital Projects Funds - Capital Projects 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. The capital projects fund reported as a major fund in the fund financial statements is as follows:

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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 be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The two enterprise funds reported as major funds in the fund financial statements are as follows:

The *Water and Sewer Division Fund* is used to account for the water and sewerage operation of the Parish and the Districts. Revenues are derived from user fees and a ½% sales tax.

The *Water District No.1 Fund* is used to levy ad valorem taxes for the retirement of outstanding bonds. This fund does not meet the criteria for classification for major fund; however, management elected to treat it as a major fund.

Internal Service Funds - The internal service funds are 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. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem taxes and the related state revenue sharing (which are based on population and homesteads in the Parish) are recognized as revenues in the year for which they are levied. Federal and state grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

FUND FINANCIAL STATEMENTS:

All governmental funds are reported using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued):

Governmental fund revenues are recognized when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Expenditures are 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. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

d) Budgetary Accounting

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

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash of the primary government includes regular and money market accounts, payroll cash account, petty cash, cash for all sinking funds and debt service reserve funds on all Parish revenue, general obligation and sales tax revenue bonds, and each individual fund's share of the consolidated cash account.

A single consolidated bank account has been established in a local bank into which monies are deposited and from which most disbursements are made. The purpose of this consolidation is to reduce administrative costs and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings according to its average cash balance, prorated between funds.

Cash equivalents consist of certificates of deposit having maturities less than or equal to one year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

For purposes 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 with maturities less than or equal to one year.

Investments are reported at fair value except for: (1) certificates of deposits having maturities greater than one year and (2) the Louisiana Asset Management Pool (LAMP) investment, which is a local government investment pool administered by a non-profit corporation organized under State of Louisiana law, which is permitted to be carried at amortized cost.

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

RESTRICTED ASSETS

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

ACCOUNTS RECEIVABLE

Major accounts receivable are recorded for: (1) sales and use taxes; (2) ad valorem taxes; (3) road royalty; and (4) customer and unbilled receivables in the Water and Sewer Enterprise Fund. Accounts receivable are reported net of an allowance for uncollectibles. The allowances are based on management's best estimate of uncollectible amounts.

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund 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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are reported as "due to/from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CAPITAL ASSETS

Capital assets, which include land and land improvements, buildings, equipment, and infrastructure assets (streets, roads, bridges, canals, and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capitalization thresholds are defined by the Parish as assets with an initial individual cost of more than \$5,000. All assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

CAPITAL ASSETS (Continued)

The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects. Interest incurred during the construction phase of capital assets and improvements of business-type activities is capitalized.

In the fund financial statements, capital assets used in governmental activities are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital outlay is included in some cases in the functional expense categories instead of as capital outlay expense.

Depreciation on all capital assets, excluding land and land improvements and construction in progress, is calculated on the straight-line method over the following estimated useful lives:

<u>Type of Capital Assets</u>	<u>No. of Years</u>
Buildings and improvements	7-40
Furniture, fixtures, and equipment	5-10
Machinery and equipment	5-20
Bridges	40
Water and sewerage systems	25
Canals	30-50
Road system	20-50

DEFERRED REVENUES

Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the Parish before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the Parish has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

LIABILITY FOR CLAIMS AND JUDGEMENTS

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

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

The estimated claims liability related to prior years' workers compensation claims are computed by subtracting paid claims from the reserves previously set up to arrive at remaining reserves and then developing that number based on factors determined by the third party administrator using historical data. The estimated claims liability related to prior years' general liability and auto claims was estimated by the parish government's legal department based on a claim by claim evaluation to determine the potential loss. Estimated claims liability related to the current year's general liability, auto and workers compensation was determined by using the average annual claims expense incurred for each type of coverage based on the fund's history.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

LIABILITY FOR CLAIMS AND JUDGEMENTS (Continued)

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2003.

LONG-TERM DEBT

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities. Bond premiums, discounts, and issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs, during the current financial period. The face amount of the debt is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt issuance are reported as "other financing uses." Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, Versailles Industrial Park Project special assessments, 1996 Public Improvement Bonds, 1997 General Obligation Bonds, and the 2003 Sales Tax Bond issues. The cost of issuance on the 2002 Certificates of Indebtedness of \$7,846 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the Versailles Industrial Park Project special assessments of \$20,000 is amortized using the straight-line method over the 9-year life of the bond. The cost of issuance on the 1996 Public Improvement Bonds of \$35,309 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1997 General Obligation Bonds of \$6,166 is amortized using the straight-line method over the 13-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2003 was \$12,299.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 Sales Tax Bond Issue, and the deferred loss on the early retirement of 1991 Revenue Bonds. The cost of issuance on the 1994 Revenue Bond Issue of \$266,655 is amortized using the straight-line method over the 12.3-year life of the bond. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The deferred loss of \$79,265 is amortized using the straight-line method over the 2-year remaining life of the old bonds. Unamortized debt expense of Sewer District No. 1 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance of \$36,700 is amortized using the straight-line method over the 11 year life of the bond. The cost of issuance was fully amortized at December 31, 2003. Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13-year life of the bond. Total amortization expense for the year ended December 31, 2003 was \$61,276.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Assets, Liabilities, and Fund Equity (Continued)

COMPENSATED ABSENCES

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. Since all accumulated annual leave lapses upon termination or retirement, 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.

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2003, the accrued vacation was \$258,136.

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

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

In the government-wide financial statements and the proprietary fund types fund statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis.

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

Some portions of fund balance in the governmental and business fund types are restricted to indicate that a portion of equity is legally restricted to a specific future use and is not available for appropriation or expenditure. Designated portions of fund balance indicate tentative plans for future use of financial resources.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, contributors, laws or regulations of other governments. All other net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted" are reported as unrestricted.

When both restricted and unrestricted resources are available for use, it is the Parish's policy to use restricted resources first, then unrestricted resources as they are needed.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Adoption of New Accounting Principles

For the fiscal year ended December 31, 2003, the Parish government implemented the following GASB standards:

Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*

Statement No. 37 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*

Statement No. 38 - *Certain Financial Statement Note Disclosures*

Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgets

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

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

If during the fiscal year the Parish President certifies that there are available revenues in excess of those estimated in the budget, he shall present a supplemental budget for the disposition of such revenues to the Council. The Council by ordinance may make supplemental appropriations up to the amount of the excess. To meet a public emergency affecting life, health, property, or the public peace, the Council may make emergency appropriations. The appropriations may be made by emergency ordinance in accordance with the provisions of Article II, Section 2 - 14 of the Home Rule Charter. To the extent that there are no available unappropriated revenues, the governing authority may borrow money to meet the emergency. The repayment shall be a fixed charge upon the revenue of the following year and shall be included in the operating budget for that year. If during the fiscal year it appears that revenues available will be insufficient to meet the amount appropriated, the Parish President shall indicate the estimated amount of the deficit and recommend to the Council steps to be taken. The council shall take action as it deems necessary to prevent any deficit.

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

Adjustments to budgetary basis are included in the financial statements for sales tax revenue, interest income, and deductions by the tax collector that were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Increases in the actual amounts reported in the General Fund were made for \$4,020,794, \$2,415, and \$160,645, respectively.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

b) Revenues, Expenditures and Financing Sources - Actual and Budget

The following funds have actual expenditures and/or other uses which exceed 5% of budgeted expenditures and/or other uses:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 7,631,751	\$ 6,410,207	\$ 1,221,544	19.06
Public Works	4,653,933	3,992,525	661,408	16.57
Consolidated Fire Protection District No. 1-2	6,679,016	5,786,436	892,580	15.43
Council on Aging	590,177	332,469	257,708	77.51
Community Development	1,021,529	937,436	84,093	8.97

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$8,675,060 at December 31, 2003.

a) Deposits - Primary Government

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

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

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

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

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

At December 31, 2003, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	\$ 476,414	\$ 22,973,800	\$ -	\$ 22,155,359

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

a) Deposits - Primary Government (Continued)

At December 31, 2003, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by unaffiliated banks for the account of the depositors. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

b) Investments - Primary Government

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

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

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

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

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

Investments for the primary government at December 31, 2003, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

	Risk Category			Carrying Amount
	1	2	3	
Certificates of Deposit	\$ 2,950,000	\$ -	\$ -	\$ 2,950,000
	<u>\$ 2,950,000</u>	<u>\$ -</u>	<u>\$ -</u>	
Investments not subject to categorization:				
Louisiana Assets Management Pool (LAMP)				<u>243,937</u>
Total				<u>\$ 3,193,937</u>

In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2003 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

b) Investments - Primary Government (Continued)

in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

c) Cash, Cash Equivalents, and Investments - Discretely Presented Component Unit

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian. Component unit deposits at its year-end are categorized below in the three levels of credit risk as explained in section (a) of this note above:

	Carrying Amount	Bank Balance
Category 1	\$ 337,188	\$ 337,188
Category 2	-	-
Category 3	-	-
Total	\$ 337,188	\$ 337,188

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield. Investments for the component unit at its year-end are categorized below in the three levels of risk as explained in section (b) of this note above:

	Risk Category			Carrying Amount
	1	2	3	
U.S. Government Securities	\$ -	\$ 1,838,240	\$ -	\$ 1,838,240
Guaranteed Investment Contracts	-	97,012	-	97,012
Total	\$ -	\$ 1,935,252	\$ -	\$ 1,935,252

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 4 - MORTGAGE LOANS RECEIVABLE - Discretely Presented Component Unit

Mortgage loans receivable acquired by the Home Mortgage Authority from participating mortgage lenders under the 1979 program which were transferred to the 1992 program have a stated rate of 8.375%. These mortgage loans were paid in full during the year ended March 31, 2003. The mortgage loans under the 1980 program previously had a stated rate of 11.5%, but after transfer to the 1991 program, have a stated rate of 9.3%. These mortgage loans, which were granted only to residents of St. Bernard Parish, have scheduled maturities of thirty years and are secured by first mortgages on the related real property. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered. In addition to the customary insurance required of the mortgagors, the Authority, under pool insurance policies, insures the mortgage loans. The loans of the 1991 program are also insured under a special hazard policy. The mortgage loans receivable were obtained through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

NOTE 5 - SALES TAX

St. Bernard Parish has a 5% sales and use tax. 2 ½% is dedicated to the Parish government, 2% is dedicated to the St. Bernard Parish School Board, and ½% is dedicated to the St. Bernard Parish Sheriff. The St. Bernard Parish Sheriff is authorized to collect and remit this tax to the Parish government and School Board for a stipulated fee. The Parish government's sales tax ordinances provide that the proceeds can be used for the general governmental operations of the parish. The sales tax receipts are included in the revenues of the General Fund.

NOTE 6 - AD VALOREM TAX

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

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

	Authorized Millage	Levied Millage
Sewer District No. 2	Variable	.75

NOTE 7 - ALLOWANCE FOR UNCOLLECTIBLES

The allowance for estimated uncollectible receivables is based on historical collection experience and other relevant circumstances. The allowance for estimated uncollectibles of the primary government consists of the following:

Governmental funds:	
General Fund	\$ 37,060
Public Works	45,024
Garbage District No. 1	45,024
Consolidated Fire Protection District No. 1-2	112,800
Library	32,578
Non-major governmental funds	105,472
Business-type funds:	
Water and Sewer Division	249,881
Nonmajor business-type funds	4,573
Total allowance for uncollectibles	\$ 632,412

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - CAPITAL ASSETS

Capital asset activity of the primary government for the year ended December 31, 2003, was as follows:

	<u>12/31/2002</u> <u>As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2003</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,294,904	\$ 5,185	\$ -	\$ 5,300,089
Construction in progress	<u>1,962,032</u>	<u>2,327,127</u>	-	<u>4,289,159</u>
Total capital assets not being depreciated	<u>7,256,936</u>	<u>2,332,312</u>	-	<u>9,589,248</u>
Capital assets being depreciated:				
Land improvements	-	7,362	-	7,362
Buildings and building improvements	27,559,644	76,030	-	27,635,674
Furniture, fixtures, and equipment	2,273,050	186,075	-	2,459,125
Machinery and equipment	7,428,996	1,085,457	-	8,514,453
Road system	56,228,131	664,836	-	56,892,967
Bridges	<u>1,583,445</u>	-	-	<u>1,583,445</u>
Total capital assets being depreciated	<u>95,073,266</u>	<u>2,019,760</u>	-	<u>97,093,026</u>
Less accumulated depreciation	<u>57,182,258</u>	<u>2,725,041</u>	-	<u>59,907,299</u>
Total capital assets being depreciated, net	<u>37,891,008</u>	<u>(705,281)</u>	-	<u>37,185,727</u>
Total governmental activities capital assets, net	<u>\$ 45,147,944</u>	<u>\$ 1,627,031</u>	<u>\$ -</u>	<u>\$ 46,774,975</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>16,666,414</u>	<u>5,565,933</u>	<u>13,364,024</u>	<u>8,868,323</u>
Total capital assets not being depreciated	<u>16,843,700</u>	<u>5,565,933</u>	<u>13,364,024</u>	<u>9,045,609</u>
Capital assets being depreciated:				
Buildings	44,667,662	12,774,828	-	57,442,490
Furniture, fixtures, and equipment	31,043	93,624	-	124,667
Machinery and equipment	954,485	338,760	-	1,293,245
Pipeline system	<u>57,273,675</u>	<u>636,200</u>	-	<u>57,909,875</u>
Total capital assets being depreciated	<u>102,926,865</u>	<u>13,843,412</u>	-	<u>116,770,277</u>
Less accumulated depreciation	<u>89,030,878</u>	<u>1,728,865</u>	-	<u>90,759,743</u>
Total capital assets being depreciated, net	<u>13,895,987</u>	<u>12,114,547</u>	-	<u>26,010,534</u>
Total business-type activities capital assets, net	<u>\$ 30,739,687</u>	<u>\$ 17,680,480</u>	<u>\$ 13,364,024</u>	<u>\$ 35,056,143</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government:	
Judicial	\$ 11,605
Other general government	511,566
Public safety	203,641
Public works	1,631,753
Culture and recreation	302,897
Health and welfare	<u>63,579</u>
 Total depreciation expense - governmental activities	 <u>\$ 2,725,041</u>

Business-type Activities:

Water and sewer	<u>\$ 1,728,865</u>
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NOTE 9 - LONG-TERM DEBT

a) Primary Government

1. Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2003:

	Balance 1/1/2003	Additions	Reductions	Balance 12/31/2003	Due within One Year
Governmental Activities:					
Certificates of indebtedness	\$ 500,000	\$ -	\$ 95,000	\$ 405,000	\$ 95,000
Sales tax bonds	1,295,000	6,970,000	1,655,000	6,610,000	540,000
General obligation bonds	3,525,000	-	355,000	3,170,000	375,000
Special assessment	<u>152,689</u>	<u>-</u>	<u>38,172</u>	<u>114,517</u>	<u>38,172</u>
 Total per fund financial statement	 5,472,689	 6,970,000	 2,143,172	 10,299,517	 1,048,172
Less: deferred issuance costs	<u>(48,936)</u>	<u>(57,948)</u>	<u>(12,299)</u>	<u>(94,585)</u>	<u>-</u>
 Total governmental activities	 <u>\$ 5,423,753</u>	 <u>\$ 6,912,052</u>	 <u>\$ 2,130,873</u>	 <u>\$ 10,204,932</u>	 <u>\$ 1,048,172</u>
 Business-type Activities:					
Bonds payable:					
Revenue bonds	\$ 4,385,000	\$ -	\$ 885,000	\$ 3,500,000	\$ 925,000
Sales tax bonds	9,070,000	-	330,000	8,740,000	345,000
General obligation bonds	<u>775,000</u>	<u>-</u>	<u>425,000</u>	<u>350,000</u>	<u>180,000</u>
 Total bonds payables	 14,230,000	 -	 1,640,000	 12,590,000	 1,450,000
Less: deferred issuance costs	<u>(198,769)</u>	<u>-</u>	<u>(61,276)</u>	<u>(137,493)</u>	<u>-</u>
 Total bonds payable, net of deferred issuance costs	 14,031,231	 -	 1,578,724	 12,452,507	 1,450,000
Compensated absences	<u>235,397</u>	<u>22,739</u>	<u>-</u>	<u>258,136</u>	<u>258,136</u>
 Total business-type activities	 <u>\$ 14,266,628</u>	 <u>\$ 22,739</u>	 <u>\$ 1,578,724</u>	 <u>\$ 12,710,643</u>	 <u>\$ 1,708,136</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

2. Schedule of Certificates of Indebtedness, Bonds Payable, and Special Assessment

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2003:

	Interest Rate	Issue Date	Final Maturity Date	Original Issue	Outstanding
Governmental Activities:					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 405,000
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	6,610,000
1997 General obligation bonds	4.75	12/01/1997	02/01/2010	4,335,000	3,170,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	<u>381,721</u>	<u>114,517</u>
Total governmental activities				<u>12,186,721</u>	<u>10,299,517</u>
Business-type Activities:					
<u>Revenue bonds</u>					
Water and Sewer Division:					
1994 Revenue bonds	4.80-5.20	04/01/1994	08/01/2006	\$ 7,950,000	\$ 2,685,000
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	<u>950,000</u>	<u>815,000</u>
Total revenue bonds				<u>8,900,000</u>	<u>3,500,000</u>
<u>Sales tax bonds</u>					
Water and Sewer Division:					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	<u>9,950,000</u>	<u>8,740,000</u>
<u>General obligation bonds</u>					
Sewer District No. 1:					
1991 General obligation bonds	6.50	09/01/1991	03/01/2003	675,000	-
Sewer District No. 2:					
1991 General obligation bonds	6.50-6.65	09/01/1991	03/01/2005	<u>3,295,000</u>	<u>350,000</u>
Total general obligation bonds				<u>3,970,000</u>	<u>350,000</u>
Total business-type activities				<u>22,820,000</u>	<u>12,590,000</u>
Total all certificates, bonds and special assessments				<u>\$ 35,006,721</u>	<u>\$ 22,889,517</u>

3. Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2004	\$ 2,498,173	\$ 1,076,825	\$ 3,574,998
2005	2,598,172	954,822	3,552,994
2006	2,543,172	834,838	3,378,010
2007	1,295,000	722,731	2,017,731
2008	1,250,000	664,601	1,914,601
2009-2013	5,290,000	2,469,526	7,759,526
2014-2018	5,020,000	1,320,128	6,340,128
2019-2022	<u>2,395,000</u>	<u>193,276</u>	<u>2,588,276</u>
Total	<u>\$ 22,889,517</u>	<u>\$ 8,236,747</u>	<u>\$ 31,126,264</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

4) Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2003 was \$405,000.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2003 was \$6,610,000.

On December 1, 1997 the 1997 General Obligation Bonds were issued for the purpose of refunding the 1990 General Obligation Bonds. The interest rate on the bonds is 4.75% and the bonds mature on February 1, 2010 with payments due in annual principal installments from \$95,000 to \$540,000. The balance outstanding at December 31, 2003 was \$3,170,000.

On October 24, 1997 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of financing public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. The interest rate on the bonds is 5.23% and the bonds mature on October 1, 2006 with payments due in annual principal installments of \$38,172. The balance outstanding at December 31, 2003 was \$114,517.

5) Proprietary Fund Public Improvement and General Obligation Bonds

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

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

- a) \$675,000 General Obligation Refunding Bonds of the Sewer District No. 1 issue of September 1, 1991, due in annual installments of \$85,000 to \$90,000 bearing interest rates of 6.4% to 6.5% through March 1, 2003. At December 31, 2003, these bonds were considered paid off.
- b) \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2003 was \$350,000.

6) Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2003 was \$8,740,000.

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

6) Proprietary Fund Revenue Bonds

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

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

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

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

The Division has established and maintained these accounts, and at December 31, 2003, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$2,040,171, \$965,073, \$3,436,675 and \$1,437,348, respectively. The account balances exceed the minimum requirements of the bond indenture.

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1999. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. The balance outstanding at December 31, 2003 was \$2,685,000.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2003 was \$815,000.

The bonds are payable solely from and secured by a first lien upon and a pledge of the net revenues of the system. The revenues pledged by the Water and Sewer Division include all fees, rents, charges, and other income derived, or to be derived by or for the account of the Division from, or for, the ownership, operation, use, or services of the system and any other amounts paid into and credited to the revenue fund created by the 1991 and 1994 revenue bond resolutions.

Such revenues include, but are not limited to, proceeds of any ad valorem taxes received by the Division pursuant to the terms of the intergovernmental agreement. Such revenues exclude (a) federal, state, or local government monies received for capital improvements to the system and (b) amounts necessary to pay the reasonable and necessary current expenses of operating and maintaining the system.

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

6) Proprietary Fund Revenue Bonds

delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2003, was 2.18 to 1.

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

- a) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- b) 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.
- c) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 2003, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$1,440,668, \$646,825, and \$4,423,598, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

7) Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2003, the customer meter deposits cash account had a balance of \$585,715 and meter liability of \$1,326,217.

8) Current Year's Defeasance of Debt

On January 1, 2003, the Parish issued \$6,970,000 in Sales Tax Bonds, Series 2003 with the interest rate of 3.39-4.65% of which a portion was to advance refund \$1,295,000 of outstanding Public Improvement Refunding Bonds, Series ST-1996 with the interest rate of 4.70-5.00%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Public Improvement Refunding Bonds, Series ST-1996 bonds are considered to be defeased and the liability for those bonds has been removed.

9) Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2003, the amount of defeased debt outstanding but removed from the financial statements amounted to \$5,285,000.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

9) Prior Years' Defeasance of Debt (Continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2003, the amount of defeased debt outstanding but removed from the financial statements amounted to \$3,940,000.

b) Discretely Presented Component Unit

The net proceeds obtained from the 1979 and 1980 bond issues were used to establish funds authorized by the Bond Trust Indentures and to purchase eligible mortgage loans secured by first mortgage liens on single family owner-occupied residences from qualified mortgage lenders accepted for participation in the programs by the Authority. On March 31, 1991, the Authority issued \$4,435,000 in Single Family Mortgage Refunding Bonds with an interest rate of 8% to advance refund \$5,900,000 of outstanding 1980 Series bonds with an interest rate of 10.75%. The 1980 Series bonds have since been retired. On June 1, 1992, the Home Mortgage Authority issued \$11,255,000 in Single Family Mortgage Refunding Bonds, \$200,000 (maturity amount) in Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in Single Family Mortgage Revenue Bonds, and \$2,130,000 in Single Family Mortgage Refunding Bonds to advance refund \$16,470,000 of outstanding 1979 Series bonds with interest rates of 5.87% to 7.5%. The net proceeds of \$13,795,143 (after \$1,621,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for those bonds was removed from the financial statements. At March 31, 2003, \$12,825,000 of the defeased bonds is still outstanding. During the year ended March 31, 2003, the remaining outstanding bonds of the \$2,130,000 1992 Series B-1 Single Family Mortgage Refunding Bonds were paid off.

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.

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

b) Discretely Presented Component Unit (Continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Single Family Mortgage Revenue Bonds: 1992 Program Series C, zero coupon, due 2014 at maturity value of \$3,000,000, discounted to yield approximately 7.65% unamortized discount was \$1,712,969 at March 31, 2003.	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	\$ -
Single Family Mortgage Refunding Bonds: 1991 Program, due 1994-20012, 8%	356,877	-	171,432	185,445	80,790
1992 Program Series B-1, due 2011, 7.5% stated rate, discounted to yield approximately 7.84%, unamortized discount was \$-0- at March 31, 2003.	127,113	-	127,113	-	-
1992 Program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$127,829 at March 31, 2003.	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
	3,683,990	-	298,545	3,385,445	<u>\$ 80,790</u>
Less: Bond discount	<u>(1,944,041)</u>	<u>-</u>	<u>(103,243)</u>	<u>(1,840,798)</u>	
	<u>\$ 1,739,949</u>	<u>\$ -</u>	<u>\$ 195,302</u>	<u>\$ 1,544,647</u>	

The 1992 Series C bonds are callable at the option of the issuer on any date on or after June 1, 2003 at the following redemption prices expressed as percentages of the accreted 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	103%
June 1, 2003 through May 31, 2004	102%
June 1, 2004 through May 31, 2005	101%
June 1, 2005 and thereafter	100%

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 10 - OPERATING LEASES

The Water and Sewer Division receives lease income under the following agreements:

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

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. The Water and Sewer Division is engaged in a lease agreement for a belt press located at the Dravo Wastewater Treatment Plant for \$1,500 a week. Rental expense for the year ended December 31, 2003 was \$73,900. Total rental income for the year ended December 31, 2003 was \$64,800. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2004	\$ 39,100
2005	30,300
2006	<u>21,000</u>
Total	<u>\$ 90,400</u>

NOTE 11 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

a) The composition of interfund transfer as of December 31, 2003, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Public Works	\$ 3,012,122
	Garbage District No. 1	150,679
	Consolidated Fire Protection District No. 1-2	229,993
	Non-major governmental funds	323,039
Public Works	General Fund	275,266
Garbage District No. 1	General Fund	4,738,633
Consolidated Fire Protection District No. 1-2	General Fund	4,500,491
Nonmajor governmental funds	General Fund	7,669,649
	2003 Sales Tax Bonds	57,948
	Nonmajor governmental funds	1,055,627
Nonmajor business-type funds	Water and Sewer Division	<u>25,425</u>
		<u>\$ 22,038,872</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 11 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS (CONTINUED)

b) The composition of due to/from other funds as of December 31, 2003, was as follows:

Due To	Due From	Amount
General Fund	Garbage District No. 1	\$ 150,679
	Consolidated Fire Protection	
	District No. 1-2	229,993
	Public Works	3,012,122
	Water and Sewer Division	935,017
	Non-major governmental funds	323,039
Public Works	General Fund	7,238
	Garbage District No. 1	494
	Consolidated Fire Protection	
	District No. 1-2	10,078
	Water and Sewer Division	2,175
	Nonmajor governmental funds	9,935
Water and Sewer Division	Public Works	26,178
	Consolidated Fire Protection	
	District No. 1-2	1,633
Nonmajor governmental funds	General Fund	2,769,352
	Nonmajor governmental funds	201,722
Nonmajor business-type funds	Water and Sewer Division	25,425
	Water District No. 1	68,653
Internal service funds	Water and Sewer Division	1,171,523
	Nonmajor governmental funds	50,000
	Internal service funds	34,527
		<u>\$ 9,029,783</u>

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

The 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, 2003 was \$12,433,147 (which includes a parish payroll of \$10,184,399 and St. Bernard Parish Government Department of Public Works Water and Sewer Division payroll of \$ 2,248,748).

a) Parochial Employees' Retirement System

Employees of the Parish and Water and Sewer Division are members of the Parochial Employees' Retirement System of Louisiana ("System"), a multiple-employer (cost sharing), public-employee retirement system (PERS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions.

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

a) Parochial Employees' Retirement System (Continued)

information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.5% of their annual-covered salary and the Parish and Water and Sewer Division are required to contribute at an actuarially determined rate. The current rate is 7.75% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2003, 2002 and 2001 were \$633,557, \$607,922, and \$591,482, respectively, equal to the required contributions for each year. For the year ended December 31, 2003, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$2,249,201. The Water and Sewer Division's contributions to the System for the years ended December 31, 2003, 2002, and 2001 were \$174,313, \$166,746, and \$205,137, 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 retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2003, the Parish began paying a rate of 18.25% of payroll. On July 1, 2003, that rate increased to 21% of annual-covered payroll. The contribution requirements of plan members and the Parish is established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2003, 2002, and 2001 were \$737,446, \$368,482, and \$339,448, 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 (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statues 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 ex-office tax collectors are required to contribute 2% of taxes collected to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 1.25% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. In July 1998, the Parish was no longer required to contribute to the retirement system. The Parish's contribution to the System for the year ended December 31, 1998 was \$1,170, equal to the required contribution for the year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of the year end, 116 and 18 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

NOTE 14 - SELF INSURANCE / RISK MANAGEMENT

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

a) Business-type Activities

The St. Bernard Parish Government Department of Public Works Water and Sewer Division was self-insured for hospitalization claims up to approximately \$20,000 per employee or an aggregate of approximately \$231,000 per year until July 2000. The excess was insured under an insurance policy. An independent insurance service company administered the fund. The Division is no longer self-insured for hospitalization. The estimated claims liability is computed based on information received from the administrator of the plan. The following represents a reconciliation of total claims liability:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Claims liability at beginning of year	\$ -	\$ -	\$ 627
Plus: provision for incurred claims	-	-	-
Less: claims paid	<u>-</u>	<u>-</u>	<u>(627)</u>
Claims liability at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

The following represents a reconciliation of total claims liability:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Claims liability at beginning of year	\$ 692,732	\$ 808,712	\$ 484,743
Plus: provision for incurred claims	(123,082)	181,625	937,557
Less: claims paid	<u>(121,572)</u>	<u>(297,605)</u>	<u>(613,588)</u>
Claims liability at end of year	<u>\$ 448,078</u>	<u>\$ 692,732</u>	<u>\$ 808,712</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 14 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

b) Internal Service Fund

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. 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. Two independent insurance service companies administer the fund.

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

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

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

The following represents a reconciliation of total claims liability:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Claims liability at beginning of year	\$ 2,307,380	\$ 2,621,317	\$ 2,425,785
Plus: provision for incurred claims	495,993	123,108	1,257,895
Less: claims paid	<u>(739,340)</u>	<u>(437,045)</u>	<u>(1,062,363)</u>
Claims liability at end of year	<u>\$ 2,064,033</u>	<u>\$ 2,307,380</u>	<u>\$ 2,621,317</u>

NOTE 15 - CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2003, \$165,035 was transferred to the General Fund.

NOTE 16 - SEGMENT INFORMATION OF ENTERPRISE ACTIVITIES

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

<u>Type of Service</u>	
Operating revenues	\$ 9,733,241
Operating expenses:	
Depreciation and amortization	1,790,141
All other	9,193,293
Operating loss	(1,250,193)
Sales and Ad valorem tax revenues	4,157,446
Net income	2,366,464
Capital asset additions	6,070,746
Bonds payable	12,452,507
Net working capital	11,074,810
Total assets	52,996,038
Total fund equity	34,870,310

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 17 - ADMINISTRATIVE ORDERS

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

As of December 31, 2003, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders 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, for each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2003, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

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

NOTE 19 - JOINT VENTURE

There exists a joint venture between the St. Bernard Parish Government and the St. Bernard Cultural Center, Inc. (Corporation). The Corporation is a nonprofit entity which provides concession services to the St. Bernard Parish Cultural Center. The Corporation was organized on a nonstock basis, and its shareholders, pursuant to RS 12:210, consist of the St. Bernard Parish Manager, Secretary, and Treasurer. A board of directors manages the affairs and business of the Corporation. The Corporation reimburses the Parish government for the cost of Parish employees used to operate 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, 2003.

<u>Balance Sheet</u>	
Assets	\$ <u>8,073</u>
Retained Earnings	\$ <u>8,073</u>
<u>Income Statement</u>	
Revenue	\$ 110,948
Less: returns, allowances and cost of goods sold	<u>(35,794)</u>
Gross profit	75,154
Less: expenses	(1,240)
Less: transfers to St. Bernard Parish Government	<u>(68,400)</u>
Net Income	\$ <u>5,514</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 20 - LITIGATION

The Parish is named as a defendant in a number of lawsuits arising principally from claims related to personal injury, negligence, and property damage. As discussed in Note 14, the Parish is primarily self-insured with respect to claims of these types. The Parish's insurance department and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Parish and to arrive at an estimate, if possible, of the amount or range of potential loss to the Parish.

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$1,307,252 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$326,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's and Water and Sewer Division's "reasonably possible" loss contingencies at December 31, 2003 for which an amount of liability can be estimated are \$10,000 and \$564,000, respectively and are not reflected in these financial statements.

NOTE 21 - SUBSEQUENT EVENT

Primary Government

In June 2004, the St. Bernard Parish Government Water and Sewer Division will issue \$50,000,000 of Sales Tax Bonds, Series 2004, for the purpose of making capital improvements and refunding the outstanding Water and Sewer Refunding Bonds, Series 1994. The Bonds bear interest at 4.55% and require annual payments from \$1,135,000 to \$3,695,000 and mature on March 1, 2024.

Discretely Presented Component Unit

In June 2003, the 1992 Series C bonds and the 1992 Series B-2 bonds were defeased. An irrevocable Escrow Fund was established with \$1,473,503 to be held in trust and used solely for the payment of principal and interest on the bonds as they become due and payable or subject to redemption. Also, in June 2003, the 1991 Series bonds were paid in full.

NOTE 22 - RESTATEMENT OF PRIOR YEAR FUND EQUITY

In 2003, the Parish government implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

Management's Discussion and Analysis

Basic Financial Statements:

Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting.

Fund financial statements, consisting of a series of statements that focus on a government's major governmental and enterprise funds

Notes to the basic financial statements

Required Supplemental Information, which requires budgetary comparison schedules to be presented.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 22 - RESTATEMENT OF PRIOR YEAR FUND EQUITY (CONTINUED)

The impact of this restatement on the governmental and business-type activities net assets are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Total fund balances/fund equity, as previously reported	\$ 8,596,623	\$ 61,406,278	\$ 70,002,901
General long-term debt	(5,423,753)	-	(5,423,753)
Interest payable	(94,135)	-	(94,135)
Capital assets, net of depreciation	45,147,944	(29,129,646)	16,018,298
Internal service funds	3,672,961	-	3,672,961
Deferred revenues	<u>(160,152)</u>	<u>-</u>	<u>(160,152)</u>
Restated net assets, December 31, 2002	<u>\$ 51,739,488</u>	<u>\$ 32,276,632</u>	<u>\$ 84,016,120</u>

The fund financial statements of the Proprietary funds do not reflect restatement for internal service funds in the amount of \$227,214 as the Water and Sewer Internal Service Fund was part of the primary government and was not reported in the St Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts' fund financial statements (a blended component unit).

The beginning balance of capital assets has been restated due to the implementation of GASB Statement 34 requirements. Reclassifications have been made and infrastructure has been recorded. The following table represents the above mentioned changes to the governmental activities capital assets:

	<u>Governmental Funds Fixed Assets, as Previously Reported</u>	<u>Governmental Activities Capital Assets, as Restated</u>	<u>Increase (Decrease)</u>
Land, buildings and improvements	\$ 34,003,474	\$ 32,854,548	\$ (1,148,926)
Furniture, equipment, truck and automobiles	16,307,416	9,702,046	(6,605,370)
Road system	-	56,228,131	56,228,131
Bridges	-	1,583,445	1,583,445
Construction in progress	<u>-</u>	<u>1,962,032</u>	<u>1,962,032</u>
	50,310,890	102,330,202	52,019,312
Accumulated depreciation	<u>-</u>	<u>(57,182,258)</u>	<u>(57,182,258)</u>
	<u>\$ 50,310,890</u>	<u>\$ 45,147,944</u>	<u>\$ (5,162,946)</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003**

NOTE 22 - RESTATEMENT OF PRIOR YEAR FUND EQUITY (CONTINUED)

The following table represents the above mentioned changes to the business-type activities capital assets:

	<u>Enterprise Funds Fixed Assets, as Previously Reported</u>	<u>Enterprise Activities Capital Assets, as Restated</u>	<u>Increase (Decrease)</u>
Land	\$ 177,286	\$ 177,286	\$ -
Buildings	28,869,527	44,667,662	15,798,135
Furniture, fixtures and equipment	1,226,706	31,043	(1,195,663)
Machinery and equipment	5,032,087	954,485	(4,077,602)
Pipeline system	58,876,784	57,273,675	(1,603,109)
Construction in progress	<u>20,105,410</u>	<u>16,666,414</u>	<u>(3,438,996)</u>
	114,287,800	119,770,565	5,482,765
Accumulated depreciation	<u>(54,418,467)</u>	<u>(89,030,878)</u>	<u>(34,612,411)</u>
	<u>\$ 59,869,333</u>	<u>\$ 30,739,687</u>	<u>\$ (29,129,646)</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES						
Taxes:						
Ad valorem	\$ 736,452	\$ -	\$ 736,452	\$ 500,466	\$ 679,360	\$ 57,092
Sales and use	16,267,799	4,020,794	20,288,593	18,636,389	19,286,389	1,002,204
Other taxes, penalties, interest, etc.	851,545	-	851,545	890,000	890,000	(38,455)
Licenses and permits	1,084,204	-	1,084,204	992,000	1,080,500	3,704
Intergovernmental revenues:						
Federal grants	31,067	-	31,067	-	-	31,067
State funds:						
State revenue sharing (net)	58,505	-	58,505	54,840	54,840	3,665
Other	116,784	-	116,784	50,000	50,000	66,784
Fees, charges, and commissions						
for services	1,585,562	-	1,585,562	1,249,500	1,105,500	480,062
Fines and forfeitures	9,950	-	9,950	14,500	14,500	(4,550)
Use of money and property	35,072	2,415	37,487	185,000	185,000	(147,513)
Other revenues	791,479	-	791,479	52,500	823,000	(31,521)
Total revenues	<u>21,568,419</u>	<u>4,023,209</u>	<u>25,591,628</u>	<u>22,625,195</u>	<u>24,169,089</u>	<u>1,422,539</u>
EXPENDITURES						
Current:						
General government:						
Finance and administration	2,012,633	-	2,012,633	1,336,400	1,381,900	(630,733)
Deductions by sales tax collector	-	160,645	160,645	175,000	175,000	14,355
Other general government	5,391,050	-	5,391,050	5,167,169	4,803,307	(587,743)
Capital outlay	67,423	-	67,423	100,000	50,000	(17,423)
Total expenditures	<u>7,471,106</u>	<u>160,645</u>	<u>7,631,751</u>	<u>6,778,569</u>	<u>6,410,207</u>	<u>(1,221,544)</u>
Excess of revenues over expenditures	<u>14,097,313</u>	<u>3,862,564</u>	<u>17,959,877</u>	<u>15,846,626</u>	<u>17,758,882</u>	<u>2,644,083</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,715,833	-	3,715,833	938,514	360,150	3,355,683
Transfers out	(17,184,039)	-	(17,184,039)	(17,461,410)	(18,012,610)	828,571
Total other financing uses	<u>(13,468,206)</u>	<u>-</u>	<u>(13,468,206)</u>	<u>(16,522,896)</u>	<u>(17,652,460)</u>	<u>4,184,254</u>
Net change in fund balances	629,107	3,862,564	4,491,671	(676,270)	106,422	6,828,337
Fund balances - beginning	<u>1,860,986</u>	<u>3,781,898</u>	<u>5,642,884</u>	<u>5,642,884</u>	<u>5,642,884</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,490,093</u>	<u>\$ 7,644,462</u>	<u>\$ 10,134,555</u>	<u>\$ 4,966,614</u>	<u>\$ 5,749,306</u>	<u>\$ 6,828,337</u>

The notes to the Required Supplementary Information are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 810,327	\$ 652,202	\$ 746,740	\$ 63,587
Intergovernmental revenues:				
Federal grants	158,746	-	-	158,746
State funds:				
Parish transportation funds	513,981	515,000	587,885	(73,904)
State revenue sharing (net)	65,293	67,000	67,000	(1,707)
Other	5,727,332	985,000	1,985,000	3,742,332
Fees, charges, and commissions for services	112,635	87,000	87,000	25,635
Use of money and property	(778)	3,500	3,500	(4,278)
Other revenues	3,253	2,500	2,500	753
Total revenues	<u>7,390,789</u>	<u>2,312,202</u>	<u>3,479,625</u>	<u>3,911,164</u>
EXPENDITURES				
Current:				
Public works	4,530,901	3,881,603	3,992,525	(538,376)
Capital outlay	123,032	-	-	(123,032)
Total expenditures	<u>4,653,933</u>	<u>3,881,603</u>	<u>3,992,525</u>	<u>(661,408)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,736,856</u>	<u>(1,569,401)</u>	<u>(512,900)</u>	<u>4,572,572</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	275,266	1,569,401	512,900	(237,634)
Transfers out	(3,012,122)	-	-	(3,012,122)
Total other financing sources (uses)	<u>(2,736,856)</u>	<u>1,569,401</u>	<u>512,900</u>	<u>(3,249,756)</u>
Net change in fund balances	-	-	-	1,322,816
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,322,816</u>

The notes to the Required Supplementary Information are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 810,327	\$ 652,202	\$ 652,202	\$ 158,125
Other taxes, penalties, interest, etc.	-	1,200	1,200	(1,200)
State funds:				
State revenue sharing (net)	65,296	68,000	68,000	(2,704)
Use of money and property	(1,256)	12,000	12,000	(13,256)
Total revenues	<u>874,367</u>	<u>733,402</u>	<u>733,402</u>	<u>140,965</u>
EXPENDITURES				
Current:				
Public works	5,462,321	5,225,055	5,225,055	(237,266)
Total expenditures	<u>5,462,321</u>	<u>5,225,055</u>	<u>5,225,055</u>	<u>(237,266)</u>
Deficiency of revenues under expenditures	<u>(4,587,954)</u>	<u>(4,491,653)</u>	<u>(4,491,653)</u>	<u>(96,301)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,738,633	4,491,653	4,491,653	246,980
Transfers out	(150,679)	-	-	(150,679)
Total other financing sources	<u>4,587,954</u>	<u>4,491,653</u>	<u>4,491,653</u>	<u>96,301</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the Required Supplementary Information are an integral part of this statement.

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2003

	Actual Amounts	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 2,000,968	\$ 1,604,871	\$ 1,848,092	\$ 152,876
Other taxes, penalties, interest, etc.	151,454	131,000	156,000	(4,546)
Intergovernmental revenues:				
Federal grants	119,189	115,000	115,000	4,189
State funds:				
State revenue sharing (net)	61,845	65,000	65,000	(3,155)
Other	653	-	-	653
Fees, charges, and commissions for services	3,911	2,500	2,500	1,411
Use of money and property	(28,440)	4,800	4,800	(33,240)
Other revenues	98,938	19,000	19,000	79,938
Total revenues	<u>2,408,518</u>	<u>1,942,171</u>	<u>2,210,392</u>	<u>198,126</u>
EXPENDITURES				
Current:				
Public safety	6,628,828	5,541,820	5,766,436	(862,392)
Capital outlay	50,188	20,000	20,000	(30,188)
Total expenditures	<u>6,679,016</u>	<u>5,561,820</u>	<u>5,786,436</u>	<u>(892,580)</u>
Deficiency of revenues under expenditures	<u>(4,270,498)</u>	<u>(3,619,649)</u>	<u>(3,576,044)</u>	<u>(694,454)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,500,491	3,619,649	3,637,125	863,366
Transfers out	(229,993)	-	-	(229,993)
Total other financing sources	<u>4,270,498</u>	<u>3,619,649</u>	<u>3,637,125</u>	<u>633,373</u>
Net change in fund balances	-	-	61,081	(61,081)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,081</u>	<u>\$ (61,081)</u>

The notes to the Required Supplementary Information are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,021,230	\$ 775,000	\$ 775,000	\$ 246,230
State funds:				
State revenue sharing (net)	78,764	75,000	75,000	3,764
Fees, charges, and commissions for services	8,919	1,000	1,000	7,919
Fines and forfeitures	17,831	15,000	15,000	2,831
Use of money and property	130,634	70,000	70,000	60,634
Public grants	8,168	7,500	7,500	668
Other revenues	5,694	11,000	11,000	(5,306)
Total revenues	<u>1,271,240</u>	<u>954,500</u>	<u>954,500</u>	<u>316,740</u>
EXPENDITURES				
Current:				
Health and welfare	452,390	802,500	802,500	350,110
Capital outlay	134,909	152,000	152,000	17,091
Total expenditures	<u>587,299</u>	<u>954,500</u>	<u>954,500</u>	<u>367,201</u>
Excess of revenues over expenditures	683,941	-	-	(50,461)
Fund balances - beginning	<u>3,621,231</u>	<u>3,621,231</u>	<u>3,621,231</u>	<u>3,621,231</u>
Fund balances - ending	<u>\$ 4,305,172</u>	<u>\$ 3,621,231</u>	<u>\$ 3,621,231</u>	<u>\$ 3,570,770</u>

The notes to the Required Supplementary Information are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2003**

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

Generally accepted accounting principles require the disclosures of the excess of budgetary expenditures over appropriations in individual funds. The following major funds had expenditures in excess of appropriations:

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 7,631,751	\$ 6,410,207	\$ 1,221,544	19.06
Public Works	4,653,933	3,992,525	661,408	16.57
Consolidated Fire Protection District No. 1-2	6,679,016	5,786,436	892,580	15.43

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

Governments often adopt budgets on some basis of accounting other than generally accepted accounting principles. Adjustments to budgetary basis are included in the financial statements for sales tax revenue, interest income, and deductions by the tax collector that were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Increases in the actual amounts reported in the General Fund were made for \$4,020,794, \$2,415, and \$160,645, respectively. All other major funds presented do not have any budgetary adjustments and are reported on actual basis.

OTHER SUPPLEMENTAL INFORMATION

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2003**

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.

Civic Auditorium Fund

This 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.

Criminal Court Fund

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

Judicial Court Reporter Fund

This 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.

Council on Aging Fund

This fund is used to account for the receipt and disbursement of a one-mill property tax levy for the maintenance and operation of the Senior Citizens Center.

Community Development Fund

This 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.

Recreation Fund

This 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.

Road Lighting District No. 1 Fund

This 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.

Workforce Investment Act Fund

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

District Attorney General Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2003**

Special Revenue Funds (Continued)

Health Fund

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

Communications Fund

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

Housing Voucher Program Fund

This fund is used to account for the administration of the Housing Voucher Program.

Contingency Criminal Court "A" Fund

This 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.

Human Resources Fund

This fund was established to record the income and expenditures on various federal and state grants.

Urban Mass Transportation Administration Fund

This fund is used to account for the operations of the public transit system. The system is partly funded by an operating grant received from the Federal Transit Authority.

Environmental Mitigation Fund

This fund is used to account for the operation, maintenance and costs for the Parish Wetlands Management Program. Financing is provided by mitigation payments and donations.

Deputy Witness Fee Fund

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

Weatherization Fund

This fund is used to account for the administration of weatherization assistance program. Financing is provided by the Department of Social Services.

Low Income Home Energy Assistance Program Fund

This fund is used to account for the administration of the low-income home energy assistance program. Financing is provided by the Department of Social Services.

Day Care Fund

This fund is used to account for the administration of a family day care home program. Financing is provided by the Department of Education.

Federal Emergency Management Assistance Fund

This fund is used to account for administration of the emergency food and shelter program.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2003**

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.

Versailles Industrial Park Sinking Fund

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

Bond Reserve 1977 Fund

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

Bond Reserve 1996 Fund

This fund was established to comply with the bond resolutions of the Public Improvement Bonds Series 1996. This fund is used to account for a \$274,000 reserve as required by the 1996 issue.

2003 Sales Tax Refunding Fund

This fund is used to accumulate monies for the payment of bonds dated January 1, 2003, which were issued in part to refund the 1996 Series Public Improvement Bond issue. The bonds are secured from the proceeds of three separate special one-half of 1 percent sales and use taxes effective July 13, 1965, July 15, 1969, and December 7, 1976.

1990 and 1997 General Obligation Bond Fund

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

Public Improvement Bonds Series 1977 and 1999 Fund

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

Public Improvement Bonds Series A, B, C Fund

This fund is used to accumulate monies for the payment of bonds dated June 1, 1965. At December 31, 1999, all obligations of the A, B, C Fund had been paid.

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.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2003**

Capital Projects Funds (Continued)

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

This fund is used to account for road maintenance, road lighting and drainage construction.

Urban System Roadway Reconstruction Fund

This fund is used to account for the costs associated with roadway reconstruction in various areas of the Parish. The transfers from the general fund financed the reconstruction.

Capital Projects Fund

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

Drainage and Siphon Fund

This fund is used to account for the construction and improvements of drains and drainage canals, including the construction of pumping stations.

Courthouse Capital Fund

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

Islenos Multipurpose Building Fund

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

911 Communications Construction Fund

This fund is used to account for construction costs associated with a new 911 communications center.

1990 General Obligation Bond Fund

This fund is used to account for the construction of a jail and juvenile detention facility and the acquisition of any necessary equipment and furnishings associated with the facility.

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

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

Road District 1 Project Bond Fund

This fund is used to account for the costs of acquiring equipment to be used for constructing, improving, and maintaining public roads and highways.

Drainage Construction Bonds of 1967 and 1982 Fund

This fund is used to account for maintaining, digging, and improving drains and drainage canals including the maintenance of two pumping stations.

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
ASSETS				
Cash and cash equivalents	\$ 37,718	\$ 11,898	\$ 1,358	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	241,126
Intergovernmental	-	-	-	-
Other	-	18,171	2,798	21,665
Special assessments:				
Deferred	-	-	-	-
Due from other funds	79,311	-	343	159,128
Prepays	3,116	-	2,037	1,335
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 120,145</u>	<u>\$ 30,069</u>	<u>\$ 6,536</u>	<u>\$ 423,254</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ 173,682
Accounts payable	81,922	-	250	248,612
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	11,061	-	6,286	500
Due to other funds	1,062	15,035	-	460
Deferred revenues	26,100	-	-	-
Total liabilities	<u>120,145</u>	<u>15,035</u>	<u>6,536</u>	<u>423,254</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	14,305	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	(14,305)	15,034	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>-</u>	<u>15,034</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 120,145</u>	<u>\$ 30,069</u>	<u>\$ 6,536</u>	<u>\$ 423,254</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,203
-	554,589	310,129	-	-
36,310	30,898	17,330	124,967	-
117,268	-	-	-	-
-	-	-	-	-
-	-	-	-	17,443
7,379	37,543	-	-	6,930
<u>\$ 160,957</u>	<u>\$ 623,030</u>	<u>\$ 327,459</u>	<u>\$ 124,967</u>	<u>\$ 37,576</u>
\$ 40,978	\$ 468,613	\$ 223,081	\$ 13,822	\$ -
9,698	15,325	51,613	31,032	25,773
-	-	-	-	-
5,893	12,044	-	5,878	11,758
104,388	127,048	52,765	50,000	45
-	-	-	17,108	-
<u>160,957</u>	<u>623,030</u>	<u>327,459</u>	<u>117,840</u>	<u>37,576</u>
-	-	-	-	-
6,133	9,768	-	-	1,963
(6,133)	(9,768)	-	7,127	(1,963)
-	-	-	-	-
-	-	-	-	-
-	-	-	7,127	-
<u>\$ 160,957</u>	<u>\$ 623,030</u>	<u>\$ 327,459</u>	<u>\$ 124,967</u>	<u>\$ 37,576</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
ASSETS				
Cash and cash equivalents	\$ 141,210	\$ 620,000	\$ -	\$ 659
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	159,144	-	-	-
Intergovernmental	8,866	-	-	-
Other	-	63,606	454	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	201,722	-	-
Prepays	5,728	-	3,558	347
Total assets	<u>\$ 314,948</u>	<u>\$ 885,328</u>	<u>\$ 4,012</u>	<u>\$ 1,006</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,419	11,659	300	-
Retainage payable	-	34,342	-	-
Salaries and payroll deductions payable	-	-	-	658
Due to other funds	1,059	468	3,712	348
Deferred revenues	-	-	-	-
Total liabilities	<u>3,478</u>	<u>46,469</u>	<u>4,012</u>	<u>1,006</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	311,470	838,859	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>311,470</u>	<u>838,859</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 314,948</u>	<u>\$ 885,328</u>	<u>\$ 4,012</u>	<u>\$ 1,006</u>

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ 902	\$ 7,443	\$ 1,908	\$ 318
-	-	-	-	-
-	-	-	-	-
15,600	25,403	-	5,668	-
-	-	-	-	-
-	-	-	-	-
14,752	2,430	-	-	-
<u>\$ 30,352</u>	<u>\$ 28,735</u>	<u>\$ 7,443</u>	<u>\$ 7,576</u>	<u>\$ 318</u>
\$ 13,853	\$ -	\$ -	\$ -	\$ -
(268)	7,515	-	75	-
-	-	-	-	-
4,814	6,908	-	-	-
11,953	14,312	-	-	318
-	-	-	-	-
<u>30,352</u>	<u>28,735</u>	<u>-</u>	<u>75</u>	<u>318</u>
-	-	-	-	-
1,376	3,578	-	-	-
(1,376)	(3,578)	7,443	7,501	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>7,443</u>	<u>7,501</u>	<u>-</u>
<u>\$ 30,352</u>	<u>\$ 28,735</u>	<u>\$ 7,443</u>	<u>\$ 7,576</u>	<u>\$ 318</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 836,617
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	1,264,988
Intergovernmental	-	-	12,463	230,834
Other	1,053	14,068	-	285,754
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	457,947
Prepays	-	2,720	-	87,875
Total assets	\$ 1,053	\$ 16,788	\$ 12,463	\$ 3,164,015
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ 1,053	\$ 5,461	\$ 12,463	\$ 953,006
Accounts payable	-	10,824	-	496,749
Retainage payable	-	-	-	34,342
Salaries and payroll deductions payable	-	-	-	65,800
Due to other funds	-	-	-	382,973
Deferred revenues	-	503	-	43,711
Total liabilities	1,053	16,788	12,463	1,976,581
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	37,123
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	1,150,311
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	-	-	-	1,187,434
Total liabilities and fund balances	\$ 1,053	\$ 16,788	\$ 12,463	\$ 3,164,015

(Continued)

Debt Service

<u>Versailles Industrial Park Sinking</u>	<u>Bond Reserve 1977</u>	<u>Bond Reserve 1996</u>	<u>2003 Sales Tax Refunding</u>	<u>1990 and 1997 General Obligation Bond</u>
\$ -	\$ 1	\$ 744	\$ 403,291	\$ 780,642
-	-	-	-	542,787
9,154	-	-	-	-
123,880	-	-	-	-
-	-	-	-	-
<u>\$ 133,034</u>	<u>\$ 1</u>	<u>\$ 744</u>	<u>\$ 403,291</u>	<u>\$ 1,323,429</u>
\$ 7,837	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
123,881	-	-	-	-
<u>131,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,316	-	744	403,291	1,323,429
-	-	-	-	-
-	-	-	-	-
-	1	-	-	-
-	-	-	-	-
<u>1,316</u>	<u>1</u>	<u>744</u>	<u>403,291</u>	<u>1,323,429</u>
<u>\$ 133,034</u>	<u>\$ 1</u>	<u>\$ 744</u>	<u>\$ 403,291</u>	<u>\$ 1,323,429</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	<u>Debt Service</u>			<u>Capital Projects</u>
	<u>Public Improvement Bonds</u>			<u>Public</u>
	<u>Series 1977 and 1999</u>	<u>Series A, B, C</u>	<u>Total</u>	<u>Improvement Bond Series D, E, F, G</u>
ASSETS				
Cash and cash equivalents	\$ 3,225	\$ 244,148	\$ 1,432,051	\$ 51,316
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	542,787	-
Intergovernmental	-	-	-	-
Other	-	-	9,154	-
Special assessments:				
Deferred	-	-	123,880	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 3,225	\$ 244,148	\$ 2,107,872	\$ 51,316
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	7,837	\$ -
Accounts payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	123,881	-
Total liabilities	-	-	131,718	-
Fund balances:				
Reserved for:				
Debt service	3,225	-	1,732,005	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	244,148	244,149	-
Capital projects funds	-	-	-	51,316
Total fund balances	3,225	244,148	1,976,154	51,316
Total liabilities and fund balances	\$ 3,225	\$ 244,148	\$ 2,107,872	\$ 51,316

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>Islenos Multipurpose Building</u>
\$ 387,466	\$ -	\$ 179,897	\$ 1,357,380	\$ -
-	-	-	-	-
-	-	-	-	-
29,331	23,825	-	-	-
-	-	-	-	-
-	2,513,127	-	-	-
-	-	-	-	-
<u>\$ 416,797</u>	<u>\$ 2,536,952</u>	<u>\$ 179,897</u>	<u>\$ 1,357,380</u>	<u>\$ -</u>
\$ -	\$ 2,502,393	\$ -	\$ -	\$ -
41,877	34,559	-	-	-
13,237	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>55,114</u>	<u>2,536,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
18,380	396,591	-	-	-
-	-	-	-	-
-	-	-	-	-
343,303	(396,591)	179,897	1,357,380	-
<u>361,683</u>	<u>-</u>	<u>179,897</u>	<u>1,357,380</u>	<u>-</u>
<u>\$ 416,797</u>	<u>\$ 2,536,952</u>	<u>\$ 179,897</u>	<u>\$ 1,357,380</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2003**

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
ASSETS				
Cash and cash equivalents	\$ 336,727	\$ 169	\$ 4,834	\$ 15,185
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Total assets	\$ 336,727	\$ 169	\$ 4,834	\$ 15,185
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	122,272	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	201,723	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	323,995	-	-	-
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	69,488	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	(56,756)	169	4,834	15,185
Total fund balances	12,732	169	4,834	15,185
Total liabilities and fund balances	\$ 336,727	\$ 169	\$ 4,834	\$ 15,185

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

<u>Capital Projects</u>		
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 95,467	\$ 2,428,441	\$ 4,697,109
-	-	1,807,775
-	-	230,834
-	53,156	348,064
-	-	123,880
-	2,513,127	2,971,074
-	-	87,875
<u>\$ 95,467</u>	<u>\$ 4,994,724</u>	<u>\$ 10,266,611</u>
\$ -	\$ 2,502,393	\$ 3,463,236
-	198,708	695,457
-	13,237	47,579
-	-	65,800
-	201,723	584,696
-	-	167,592
-	<u>2,916,061</u>	<u>5,024,360</u>
-	-	1,732,005
-	484,459	521,582
-	-	1,150,311
-	-	244,149
95,467	1,594,204	1,594,204
<u>95,467</u>	<u>2,078,663</u>	<u>5,242,251</u>
<u>\$ 95,467</u>	<u>\$ 4,994,724</u>	<u>\$ 10,266,611</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 250,096
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	21,665
Fees, charges, and commissions for services	219,186	11,181	42,562	-
Fines and forfeitures	-	283,840	-	-
Use of money and property	(25)	6,992	(538)	(1,259)
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>219,161</u>	<u>302,013</u>	<u>42,024</u>	<u>270,502</u>
EXPENDITURES				
Current:				
General government:				
Judicial	-	159,314	307,769	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	570,495
Culture and recreation	452,256	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	104,195	-	229	19,682
Total expenditures	<u>556,451</u>	<u>159,314</u>	<u>307,998</u>	<u>590,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(337,290)</u>	<u>142,699</u>	<u>(265,974)</u>	<u>(319,675)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	337,290	-	265,974	319,675
Transfers out	-	(165,035)	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>337,290</u>	<u>(165,035)</u>	<u>265,974</u>	<u>319,675</u>
Net change in fund balances	-	(22,336)	-	-
Fund balances - beginning	-	37,370	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 15,034</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 575,230	\$ 321,660	\$ -	\$ -
-	-	-	-	-
309,410	-	-	-	-
31,420	1,155	-	2,777,774	-
-	-	-	-	-
-	46,347	25,995	-	-
75,510	-	-	-	-
113,397	24,912	-	-	-
-	-	-	-	-
(1,078)	(6,094)	(2,809)	10,575	(976)
-	-	-	-	-
73,878	18,821	-	214,217	-
<u>602,537</u>	<u>660,371</u>	<u>344,846</u>	<u>3,002,566</u>	<u>(976)</u>
-	-	-	-	603,193
-	-	-	-	-
-	-	-	2,989,823	-
-	-	-	-	-
-	-	655,714	-	-
1,014,889	-	-	-	-
-	1,283,373	-	-	-
-	-	-	-	-
-	-	-	-	-
6,640	18,184	-	8,576	921
<u>1,021,529</u>	<u>1,301,557</u>	<u>655,714</u>	<u>2,998,399</u>	<u>604,114</u>
<u>(418,992)</u>	<u>(641,186)</u>	<u>(310,868)</u>	<u>4,167</u>	<u>(605,090)</u>
522,606	763,513	362,560	-	605,090
(103,614)	(122,327)	(51,692)	-	-
-	-	-	-	-
<u>418,992</u>	<u>641,186</u>	<u>310,868</u>	<u>-</u>	<u>605,090</u>
-	-	-	4,167	-
-	-	-	2,960	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,127</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
REVENUES				
Taxes:				
Ad valorem	\$ 165,058	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	527,879	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	1,394,428	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	17,799	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	3,233	11,000	2,786	(5)
Special assessments	-	-	-	-
Other revenues	-	-	-	25,200
Total revenues	<u>186,090</u>	<u>538,879</u>	<u>1,397,214</u>	<u>25,195</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	32,286
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	217,400	-	-
Public works	-	-	-	-
Health and welfare	105,576	-	1,365,370	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	95,000	-	-
Interest and service charges	-	15,274	-	-
Capital outlay	-	18,814	-	-
Total expenditures	<u>105,576</u>	<u>346,488</u>	<u>1,365,370</u>	<u>32,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>80,514</u>	<u>192,391</u>	<u>31,844</u>	<u>(7,091)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	7,439
Transfers out	-	-	(31,844)	(348)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(31,844)</u>	<u>7,091</u>
Net change in fund balances	80,514	192,391	-	-
Fund balances - beginning	<u>230,956</u>	<u>646,468</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 311,470</u>	<u>\$ 838,859</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
190,742	452,304	-	-	1,512
-	109,788	-	-	-
-	-	-	-	-
-	74,997	-	-	-
-	-	-	77,617	-
(1,412)	383	135	5	83
-	-	-	-	-
-	-	-	-	-
<u>189,330</u>	<u>637,472</u>	<u>135</u>	<u>77,622</u>	<u>1,595</u>
-	-	-	93,483	-
-	-	-	-	-
-	482,972	-	-	-
-	-	-	-	-
244,381	-	-	-	1,455
-	-	-	-	-
-	-	-	-	-
-	455,632	-	-	-
<u>244,381</u>	<u>938,604</u>	<u>-</u>	<u>93,483</u>	<u>1,455</u>
<u>(55,051)</u>	<u>(301,132)</u>	<u>135</u>	<u>(15,861)</u>	<u>140</u>
66,992	315,362	-	20,491	178
(11,941)	(14,230)	-	-	(318)
-	-	-	-	-
<u>55,051</u>	<u>301,132</u>	<u>-</u>	<u>20,491</u>	<u>(140)</u>
-	-	135	4,630	-
-	-	7,308	2,871	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,443</u>	<u>\$ 7,501</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 1,312,044
Other taxes, penalties, interest, etc.	-	-	-	527,879
Licenses and permits	-	-	-	309,410
Intergovernmental revenues:				
Federal grants	144,031	182,443	24,925	5,200,734
State funds:				
Parish transportation funds	-	-	-	109,788
State revenue sharing (net)	-	-	-	90,141
Other	-	-	-	97,175
Fees, charges, and commissions for services	-	-	-	486,235
Fines and forfeitures	-	-	-	361,457
Use of money and property	616	842	(6)	22,448
Special assessments	-	-	-	-
Other revenues	-	-	-	332,116
Total revenues	<u>144,647</u>	<u>183,285</u>	<u>24,919</u>	<u>8,849,427</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	1,196,045
Finance and administration	-	-	-	-
Other general government	-	-	-	3,472,795
Public safety	-	-	-	217,400
Public works	-	-	-	655,714
Health and welfare	198,194	182,443	24,919	3,707,722
Culture and recreation	-	-	-	1,735,629
Debt service:				
Principal	-	-	-	95,000
Interest and service charges	-	-	-	15,274
Capital outlay	-	-	-	632,873
Total expenditures	<u>198,194</u>	<u>182,443</u>	<u>24,919</u>	<u>11,728,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(53,547)</u>	<u>842</u>	<u>-</u>	<u>(2,879,025)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	3,587,170
Transfers out	(26,072)	(12,509)	(279)	(540,209)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>(26,072)</u>	<u>(12,509)</u>	<u>(279)</u>	<u>3,046,961</u>
Net change in fund balances	(79,619)	(11,667)	(279)	167,936
Fund balances - beginning	<u>79,619</u>	<u>11,667</u>	<u>279</u>	<u>1,019,498</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,434</u>

(Continued)

Debt Service

<u>Versailles Industrial Park Sinking</u>	<u>Bond Reserve 1977</u>	<u>Bond Reserve 1996</u>	<u>2003 Sales Tax Refunding</u>	<u>1990 and 1997 General Obligation Bond</u>
\$ -	\$ -	\$ -	\$ -	\$ 562,946
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,202	1	744	(2,863)	14,470
34,250	-	-	-	-
<u>42,452</u>	<u>1</u>	<u>744</u>	<u>(2,863)</u>	<u>577,416</u>
-	-	-	-	-
-	-	-	-	16,551
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
38,172	-	-	1,655,000	355,000
7,986	-	-	346,546	159,706
-	-	-	-	-
<u>46,158</u>	<u>-</u>	<u>-</u>	<u>2,001,546</u>	<u>531,257</u>
<u>(3,706)</u>	<u>1</u>	<u>744</u>	<u>(2,004,409)</u>	<u>46,159</u>
4,308	-	-	1,550,620	-
-	(634)	(406,626)	-	-
-	-	-	857,080	-
<u>4,308</u>	<u>(634)</u>	<u>(406,626)</u>	<u>2,407,700</u>	<u>-</u>
602	(633)	(405,882)	403,291	46,159
714	634	406,626	-	1,277,270
<u>\$ 1,316</u>	<u>\$ 1</u>	<u>\$ 744</u>	<u>\$ 403,291</u>	<u>\$ 1,323,429</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Debt Service			Capital Projects
	Public Improvement Bonds			Public
	Series 1977 and 1999	Series A, B, C	Total	Improvement Bond Series D, E, F, G
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ 562,946	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	3,225	1,661	25,440	933
Special assessments	-	-	34,250	-
Other revenues	-	-	-	-
Total revenues	<u>3,225</u>	<u>1,661</u>	<u>622,636</u>	<u>933</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	16,551	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	2,048,172	-
Interest and service charges	-	-	514,238	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,578,961</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,225</u>	<u>1,661</u>	<u>(1,956,325)</u>	<u>933</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	215,599	1,770,527	-
Transfers out	(215,599)	(215,599)	(838,458)	-
Proceeds from long-term debt	-	-	857,080	-
Total other financing sources (uses)	<u>(215,599)</u>	<u>-</u>	<u>1,789,149</u>	<u>-</u>
Net change in fund balances	(212,374)	1,661	(167,176)	933
Fund balances - beginning	<u>215,599</u>	<u>242,487</u>	<u>2,143,330</u>	<u>50,383</u>
Fund balances - ending	<u>\$ 3,225</u>	<u>\$ 244,148</u>	<u>\$ 1,976,154</u>	<u>\$ 51,316</u>

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>Islenos Multipurpose Building</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
1,301,405	-	-	-	-
-	-	-	-	-
-	23,825	-	-	-
-	-	-	-	-
(1,995)	(57,127)	3,271	17,707	(267)
-	-	-	-	-
<u>1,299,410</u>	<u>(33,302)</u>	<u>3,271</u>	<u>17,707</u>	<u>(267)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,699,688	351,237	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	45,062	-	-	-
<u>1,699,688</u>	<u>396,299</u>	<u>-</u>	<u>-</u>	<u>-</u>
(400,278)	(429,601)	3,271	17,707	(267)
761,961	2,513,127	-	150,000	267
-	-	-	-	-
<u>761,961</u>	<u>2,513,127</u>	<u>-</u>	<u>150,000</u>	<u>267</u>
361,683	2,083,526	3,271	167,707	-
-	(2,083,526)	176,626	1,189,673	-
<u>\$ 361,683</u>	<u>\$ -</u>	<u>\$ 179,897</u>	<u>\$ 1,357,380</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	6,006	(3)	87	276
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>6,006</u>	<u>(3)</u>	<u>87</u>	<u>276</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	46,003	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	(1,095)	-	-	-
Capital outlay	453,387	-	-	-
Total expenditures	<u>498,295</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(492,289)</u>	<u>(3)</u>	<u>87</u>	<u>276</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	172	-	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>172</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(492,289)	169	87	276
Fund balances - beginning	<u>505,021</u>	<u>-</u>	<u>4,747</u>	<u>14,909</u>
Fund balances - ending	<u>\$ 12,732</u>	<u>\$ 169</u>	<u>\$ 4,834</u>	<u>\$ 15,185</u>

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

<u>Capital Projects</u>		
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 1,874,990
-	-	527,879
-	-	309,410
-	1,301,405	6,502,139
-	-	109,788
-	-	90,141
-	23,825	121,000
-	-	486,235
-	-	361,457
1,736	(29,376)	18,512
-	-	34,250
-	-	332,116
<u>1,736</u>	<u>1,295,854</u>	<u>10,767,917</u>
-	-	1,196,045
-	-	16,551
-	46,003	3,518,798
-	-	217,400
-	2,050,925	2,706,639
-	-	3,707,722
-	-	1,735,629
-	-	2,143,172
-	(1,095)	528,417
-	498,449	1,131,322
-	<u>2,594,282</u>	<u>16,901,695</u>
<u>1,736</u>	<u>(1,298,428)</u>	<u>(6,133,778)</u>
-	3,425,527	8,783,224
-	-	(1,378,667)
-	-	857,080
-	<u>3,425,527</u>	<u>8,261,637</u>
1,736	2,127,099	2,127,859
93,731	(48,436)	3,114,392
<u>\$ 95,467</u>	<u>\$ 2,078,663</u>	<u>\$ 5,242,251</u>

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2003**

Water District No. 1

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Water District No. 1.

Sewer District No. 1

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Sewer District No. 1.

Sewer District No. 2

This fund is used to account for the ad valorem taxes and state revenue sharing monies received for the maintenance, operations, and debt service of its district. The portion of monies relating to maintenance and operations are transferred to the Division, which pays the operating expenses of Sewer District No. 2.

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2003**

	Water District No. 2	Sewerage District		Total Nonmajor Enterprise Funds
		No. 1	No. 2	
ASSETS				
Current assets:				
Due from other funds	\$ -	\$ 68,653	\$ 25,425	\$ 94,078
Restricted Assets:				
Cash and cash equivalents:				
Other debt service accounts	120,385	9,884	191,067	321,336
Ad valorem taxes receivable (net of allowance for doubtful accounts of \$4,573)	-	-	128,506	128,506
Total restricted assets	<u>120,385</u>	<u>9,884</u>	<u>319,573</u>	<u>449,842</u>
Total current assets	<u>120,385</u>	<u>78,537</u>	<u>344,998</u>	<u>543,920</u>
Total assets	<u>120,385</u>	<u>78,537</u>	<u>344,998</u>	<u>543,920</u>
LIABILITIES				
Current liabilities payable from restricted assets:				
Bonds payable	-	-	180,000	180,000
Accrued interest payable	-	-	7,728	7,728
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>187,728</u>	<u>187,728</u>
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	-	-	157,270	157,270
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>157,270</u>	<u>157,270</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>344,998</u>	<u>344,998</u>
NET ASSETS				
Restricted for:				
Debt service	<u>120,385</u>	<u>78,537</u>	<u>-</u>	<u>198,922</u>
Total net assets	<u>\$ 120,385</u>	<u>\$ 78,537</u>	<u>\$ -</u>	<u>\$ 198,922</u>

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

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	Water District No. 2	Sewerage District		Total Nonmajor Enterprise Funds
		No. 1	No. 2	
OPERATING EXPENSES				
Depreciation and amortization	\$ -	\$ 532	\$ 10,911	\$ 11,443
Total operating expenses	-	532	10,911	11,443
Operating loss	-	(532)	(10,911)	(11,443)
NONOPERATING REVENUES (EXPENSES)				
Ad valorem tax for debt retirement	-	-	136,652	136,652
Interest earnings:				
Restricted assets	1,536	279	2,884	4,699
Interest expense and bank fees	-	(959)	(26,688)	(27,647)
Deductions from taxes	-	-	(3,912)	(3,912)
Total nonoperating revenues (expenses)	1,536	(680)	108,936	109,792
Income (loss) before transfers	1,536	(1,212)	98,025	98,349
Transfers in	-	-	25,425	25,425
Change in net assets	1,536	(1,212)	123,450	123,774
Total net assets - beginning, restated	118,849	79,749	(123,450)	75,148
Total net assets - ending	<u>\$ 120,385</u>	<u>\$ 78,537</u>	<u>\$ -</u>	<u>\$ 198,922</u>

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Water District No. 2	Sewerage District		Total Nonmajor Enterprise Funds
		No. 1	No. 2	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Payments to suppliers	\$ -	\$ (21)	\$ -	\$ (21)
Net cash used by operating activities	-	(21)	-	(21)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Receipts from ad valorem taxes - debt retirement	-	-	157,827	157,827
Payments for deductions for taxes	-	-	(3,912)	(3,912)
Principal paid on capital debt	-	(90,000)	(335,000)	(425,000)
Interest paid on capital debt	-	(2,925)	(34,072)	(36,997)
Net cash used by capital financing activities	-	(92,925)	(215,157)	(308,082)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on cash management activities	1,536	279	2,884	4,699
Net cash provided by investing activities	1,536	279	2,884	4,699
Net increase (decrease) in cash and cash equivalents	1,536	(92,667)	(212,273)	(303,404)
Cash and cash equivalents - beginning	118,849	102,551	403,340	624,740
Cash and cash equivalents - ending	<u>\$ 120,385</u>	<u>\$ 9,884</u>	<u>\$ 191,067</u>	<u>\$ 321,336</u>
Classified as:				
Restricted cash and cash equivalents:				
Other debt service accounts	<u>\$ 120,385</u>	<u>\$ 9,884</u>	<u>\$ 191,067</u>	<u>\$ 321,336</u>
Reconciliation of operating income to net cash used by operating activities:				
Operating loss	\$ -	\$ (532)	\$ (10,911)	\$ (11,443)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation and amortization	-	532	10,911	11,443
Decrease in accounts payable and other accruals	-	(21)	-	(21)
Total adjustments	-	511	10,911	11,422
Net cash used by operating activities	<u>\$ -</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ (21)</u>

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

**ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2003**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Self Insurance Fund

The Self-Insurance Fund accounts for monies accumulated to provide automobile, property damage and worker's compensation for which the Parish is self-insured.

Water & Sewer Self Insurance Fund

The Water & Sewer Self Insurance Fund accounts for monies accumulated to provide automobile, property damage and worker's compensation for which the Division is self-insured.

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2003**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,722,291	\$ -	\$ 4,722,291
Investments	243,937	-	243,937
Receivables, net of allowance	3,242	-	3,242
Due from other funds	266,050	990,000	1,256,050
Prepays	86,501	10,462	96,963
Total assets	<u>5,322,021</u>	<u>1,000,462</u>	<u>6,322,483</u>
LIABILITIES			
Cash overdraft	-	685,514	685,514
Accounts payable	148,297	33,275	181,572
Self insurance claims payable	2,064,033	448,078	2,512,111
Due to other funds	-	34,527	34,527
Total liabilities	<u>2,212,330</u>	<u>1,201,394</u>	<u>3,413,724</u>
NET ASSETS			
Restricted	<u>3,109,691</u>	<u>(200,932)</u>	<u>2,908,759</u>
Total net assets	<u>\$ 3,109,691</u>	<u>\$ (200,932)</u>	<u>\$ 2,908,759</u>

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

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,117,153	\$ 325,000	\$ 1,442,153
Other operating revenues	10,843	-	10,843
Total operating revenues	<u>1,127,996</u>	<u>325,000</u>	<u>1,452,996</u>
OPERATING EXPENSES			
Personal services and related benefits	319,601	-	319,601
Professional services	66,160	45,240	111,400
Insurance premiums	626,850	123,140	749,990
Insurance and claims expense	739,340	121,572	860,912
Other	293	202	495
Total operating expenses	<u>1,752,244</u>	<u>290,154</u>	<u>2,042,398</u>
Operating income (loss)	<u>(624,248)</u>	<u>34,846</u>	<u>(589,402)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and service charges	60,978	(8,564)	52,414
Total nonoperating revenues (expenses)	<u>60,978</u>	<u>(8,564)</u>	<u>52,414</u>
Change in net assets	(563,270)	26,282	(536,988)
Total net assets - beginning	<u>3,672,961</u>	<u>(227,214)</u>	<u>3,445,747</u>
Total net assets - ending	<u>\$ 3,109,691</u>	<u>\$ (200,932)</u>	<u>\$ 2,908,759</u>

The accompanying notes are an integral part of this statement.

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,113,941	\$ 325,000	\$ 1,438,941
Payments to suppliers	(1,983,223)	(503,941)	(2,487,164)
Other operating receipts	10,843	-	10,843
Payments from and payments for interfund services	(170,033)	(290,473)	(460,506)
	<u>(1,028,472)</u>	<u>(469,414)</u>	<u>(1,497,886)</u>
Net cash used by operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(2,681)	-	(2,681)
Interest on cash management activities	60,978	(8,564)	52,414
Net cash provided (used) by investing activities	<u>58,297</u>	<u>(8,564)</u>	<u>49,733</u>
Net decrease in cash and cash equivalents	(970,175)	(477,978)	(1,448,153)
Cash and cash equivalents - beginning	<u>5,692,466</u>	<u>(207,536)</u>	<u>5,484,930</u>
Cash and cash equivalents - ending	<u>\$ 4,722,291</u>	<u>\$ (685,514)</u>	<u>\$ 4,036,777</u>
Classified as:			
Cash and cash equivalents	\$ 4,722,291	\$ -	\$ 4,722,291
Cash overdraft	<u>-</u>	<u>(685,514)</u>	<u>(685,514)</u>
Totals	<u>\$ 4,722,291</u>	<u>\$ (685,514)</u>	<u>\$ 4,036,777</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (624,248)	34,846	\$ (589,402)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:			
Increase in receivables	(3,212)	-	(3,212)
Increase in due from (to) other funds	(170,033)	(290,473)	(460,506)
Increase in prepaid expenses	(45,051)	(2,408)	(47,459)
Increase in accounts payable and accruals	57,419	33,275	90,694
Decrease in self insurance claims payable	(243,347)	(244,654)	(488,001)
Total adjustments	<u>(404,224)</u>	<u>(504,260)</u>	<u>(908,484)</u>
Net cash used for operating activities	<u>\$ (1,028,472)</u>	<u>\$ (469,414)</u>	<u>\$ (1,497,886)</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS AND PARISH PRESIDENT COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

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

**ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - HUD FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>SECTION 8 RENTAL VOUCHER</u>
ASSETS:	
CURRENT ASSETS:	
Cash:	
Cash - unrestricted	\$ -
Total Cash	<u>-</u>
Accounts Receivable:	
Accounts receivable - PHA projects	454
Total receivables, net of allowance for doubtful accounts	<u>454</u>
Current Investments:	
Prepaid expenses	<u>3,558</u>
TOTAL CURRENT ASSETS	<u>4,012</u>
NONCURRENT ASSETS:	
Fixed assets:	
Furniture, equipment & machinery	<u>21,813</u>
Total fixed assets	<u>21,813</u>
TOTAL NONCURRENT ASSETS	<u>21,813</u>
TOTAL ASSETS	<u><u>\$ 25,825</u></u>
LIABILITIES AND EQUITY	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable - HUD PHA Program	\$ 300
Due to other funds	<u>3,712</u>
TOTAL CURRENT LIABILITIES	<u>4,012</u>
TOTAL LIABILITIES	<u>4,012</u>
EQUITY:	
Investment in general fixed assets	21,813
Undesignated fund balance	<u>-</u>
TOTAL EQUITY	<u>21,813</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 25,825</u></u>

**ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	SECTION 8 RENTAL VOUCHER 14.871
REVENUE:	
HUD PHA grants	\$ 1,394,428
Investment income - unrestricted	<u>2,786</u>
TOTAL REVENUE	<u>1,397,214</u>
EXPENSES:	
Administrative	
Administrative salaries	82,679
Other operating - administrative	4,194
Ordinary maintenance and operations	
Ordinary maintenance and operations - materials and other	7,653
General expenses	
Insurance premiums	<u>2,859</u>
TOTAL OPERATING EXPENSES	<u>97,385</u>
EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	<u>1,299,829</u>
Housing assistance payments	<u>1,267,985</u>
TOTAL EXPENSES	1,365,370
OTHER FINANCING USES	
Operating transfers out	<u>(31,844)</u>
TOTAL OTHER FINANCING USES	<u>(31,844)</u>
EXCESS OF TOTAL REVENUES OVER TOTAL EXPENSES	-
Calculation From R/E Statement	-
B/S Line 513	<u>21,813</u>
Fund balance at end of year	<u><u>\$ 21,813</u></u>

**ST. BERNARD PARISH GOVERNMENT
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

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

For the year ended December 31, 2003, the Parish received gross tax revenues of \$347,067 for Emergency 911.

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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

To the St. Bernard Parish Council,
Chalmette, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the "Parish"), State of Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated June 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 03-01 and 03-02.

Internal Control Over Financial Reporting

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

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

Rebowe & Company

June 21, 2004

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

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

To the St. Bernard Parish Council,
Chalmette, Louisiana

Compliance

We have audited the compliance of the St. Bernard Parish Government (the "Parish"), State of Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Parish's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Parish's management. Our responsibility is to express an opinion on the Parish's compliance based on our audit.

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

In our opinion, the Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance

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

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

Rebowe & Company

June 21, 2004

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>Federal Grantor/Pass-Through or Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title 1	17.258	WIA Grant #10	\$ 746,365
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	706,502
Workforce Investment Act - Dislocated Worker 1A - Admin.	17.260	WIA Grant #10	709,727
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	204,801
Workforce Investment Act - Dislocated Worker (10% Funds)	17.260	WIA Grant #10	11,013
Workforce Investment Act - Storm Cleanup (Project Allison)	17.260	Contract # 601663	134,096
Workforce Investment Act - Storm Cleanup (Project Isidore/Lili)	17.260	Contract # 601663	93,300
Workforce Investment Act - Find Work (Project Independence)	17.260	CFMS # 599976	<u>164,230</u>
Total U.S. Department of Labor			<u>2,770,034</u>
U.S. Department of Transportation			
FTA Operating/Capital Grant	20.507		452,304
<i>Pass - Through Louisiana Department of Transportation and Development:</i>			
Highway Planning and Construction Intersection Improvements	20.205	State Project # 742-07-0086	29,331
Patricia Street Reconstruction	20.205	State Project # 742-44-0004	<u>1,272,074</u>
Total U.S. Department of Transportation			<u>1,753,709</u>
U.S. Department of Housing and Urban Development			
Section 8 Rental Voucher Program	14.871		1,394,428
<i>Pass - Through Louisiana Department of Social Services</i>			
Emergency Shelter Grants Program	14.231	State CFMS #598121 & 584119	<u>31,067</u>
Total U.S. Department of Housing and Urban Development			<u>1,425,495</u>
U.S. Department of Energy			
<i>Pass - Through Louisiana Housing Finance Agency</i>			
Weatherization Assistance Program	81.042	DSS # 01638	<u>1,512</u>
Total U.S. Department of Energy			<u>1,512</u>
U.S. Environmental Protection Agency			
Wastewater Assistance Agreement	66.606		41,898
<i>Pass - Through University of New Orleans</i>			
Wastewater Consolidation Study	66.606	EPA Agreement #X-97608901-0	<u>79,327</u>
Total U.S. Environmental Protection Agency			<u>121,225</u>
U.S. Department of Agriculture			
<i>Pass - Through Louisiana Department of Education:</i>			
Family Day Care Home Program	10.558	FDCH 2003 Agreement	<u>182,443</u>
Total U.S. Department of Agriculture			<u>182,443</u>

(Continued)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Federal Emergency Management Agency			
<i>Pass - Through United Way:</i>			
Emergency Food and Shelter Program	83.523	EFSP #13-3678-00-008	\$ 24,925
<i>Pass - Through Louisiana Office of Emergency Preparedness</i>			
Hazard Mitigation Grant (Lili)	83.548	EMPG #1437-LA-DR	139,425
Flood Mitigation Assistance Grant	83.536	Project #FMP 02-087-0001	24,337
Emergency Management Performance Grant	83.552	EPMG 2003	<u>31,420</u>
Total Federal Emergency Management Agency			<u>220,107</u>
U.S. Department of Health and Human Services			
<i>Pass - Through Louisiana Housing Finance Agency:</i>			
Temporary Assistance for Needy Families (TANF)	93.558	TANF 2003 Contract	26,596
Low Income Home Energy Assistance Program	93.568	DSS # 04558	117,435
<i>Pass - Through Louisiana Department of Labor:</i>			
Community Services Block Grant	93.569	Subgrant #2003P0081	76,081
Community Services Block Grant	93.569	Subgrant #2002 P0081	<u>114,661</u>
Total U.S. Department of Health and Human Services			<u>334,773</u>
U.S. Department of Justice			
<i>Pass-Through Louisiana Department of Public Safety & Corrections</i>			
Domestic Preparedness Equipment Grant	16.007	Contract #2002-TE-CX-0022	<u>115,328</u>
Total U.S. Department of Justice			<u>115,328</u>
Total Expenditures of Federal Awards			<u><u>\$ 6,924,626</u></u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

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

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

Workforce Investment Act - Adult - Title I (CFDA No. 17.258)
Workforce Investment Act - Youth Program (CFDA No. 17.259)
Workforce Investment Act (CFDA No. 17.260)
Highway Planning & Construction (CFDA No. 20.205)
Patricia Street Reconstruction (CFDA No. 20.205)
Federal Transit Act - Capital Investment Grant (CFDA No. 20.507)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2003.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2003.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2003**

A - Summary of Auditor's Results

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

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
17.258	Workforce Investment Act - Adult - Title I
17.259	Workforce Investment Act - Youth Program
17.260	Workforce Investment Act
20.205	Highway Planning & Construction
20.205	Patricia Street Reconstruction
20.507	Federal Transit Act - Capital Investment Grant

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. St. Bernard Parish Government did not qualify as a low-risk auditee.
10. A management letter was not issued for the year ended December 31, 2003.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

B - Findings - Financial Statement Audit

Compliance

Finding 03-1 Budgetary Compliance

Condition - Several instances were noted where expenditures and other uses exceeded the projected budget by 5% or more.

Criteria - The Louisiana Budget Act, Revised Statute 39:1310, requires that the Primary Government amend their budget when total expenditures and other uses exceed budgeted expenditures and other uses by 5% or more.

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

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

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

Response - See Management's Corrective Action Plan for their response.

Finding 03-2 Transfers to Sinking Fund

From the Dept. of Public Works Water & Sewer Division and the Districts Audit Report (Finding 03-1)

Condition - One instance was noted where the Division was late making required monthly transfers to the sinking fund for the Sales Tax Bonds - Series 1999.

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

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

Cause - Procedures were not in place to properly monitor the sinking fund transfers.

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

Response - See Management's Corrective Action Plan for their response.

C - Findings and Questioned Costs - Major Federal Award Program Audit

There were no findings related to federal awards for the year ended December 31, 2003.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2003**

Findings - Financial Statement Audit

Compliance

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

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

Current Status - This finding has been resolved. Grant applications are initiated at the department level, however, all grant documents are forwarded and maintained by the Assistant to the President. Along with the Department of Finance, grant revenues and expenditures are reconciled timely. The request for reimbursement for the grant noted above (\$218,841) was completed.

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

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

Current Status - This finding has been resolved. The Department of Finance has implemented the necessary steps to recognize purchase orders unfilled at the end of the reporting period and reserves a portion of the fund balance to reflect the amounts likely to be due in the next period as a result of unfilled goods and services requisitioned.

Finding 02-3 **Condition** - Workforce Investment Act (WIA) accounting records are not integrated within the Department of Finance's accounting records.

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

Current Status - This finding has been resolved. The Department of Finance has integrated the WIA accounting transactions within the Parish general ledger accounting records. Transactions are reconciled on a monthly basis.

Finding 02-4 **Condition** - The Department of Finance lacks a comprehensive fixed asset and capital project policy for fixed assets.

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

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

Findings - Financial Statement Audit (Continued)

Compliance (Continued)

Finding 02-4 (Continued)

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

- The proper recording of fixed asset additions within the fund for which the assets will be used.

Current Status - This finding has been resolved. The Department of Finance has prepared a comprehensive fixed asset management policy. This policy is used to guide employees in recording fixed asset additions.

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

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

Current Status - This finding has been resolved. The Department of Finance has implemented the necessary steps to reconcile the general ledger accounting records to the monthly loss run reports. This procedure is being performed quarterly.

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

Condition - Currently, the Division does not prepare a reconciliation of the meter deposit general ledger control account and the subsidiary ledger. The general ledger account balance exceeded the subsidiary ledger balance in the amount of \$80,582.

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

Current Status - This finding has been resolved. The Division has taken the necessary steps to correct the differences between the meter deposit subsidiary ledger and the general ledger. Reconciliations are prepared on a monthly basis.

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

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

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

Findings - Financial Statement Audit (Continued)

Compliance (Continued)

Finding 02-7 (Continued)

Current Status - This finding has been resolved. The Parish maintains cooperative endeavor agreements with all suppliers that provide services associated with the implementation of enhancements to the 911 Telephone System.

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

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

Current Status - This finding has not been resolved. See Finding 03-1.

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

Recommendation - The Parish should include prepare a budget for the Workforce Investment Act Fund.

Current Status - This finding has been resolved. The Parish has taken the necessary steps to include the Workforce Investment Act Fund in the budgeting process.

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

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

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

Current Status - This finding has not been resolved. See Finding 03-2.

Management Advisory Comments

1. Emergency 911 Tax Revenue

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

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

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2003**

Findings - Financial Statement Audit (Continued)

Management Advisory Comments (Continued)

1. Emergency 911 Tax Revenue (Continued)

Current Status - This comment has been resolved. Administration has assigned a financial representative to attend all 911 communication meetings to better understand the Parish's fiscal responsibilities. Cooperative agreements necessary to properly remit the 911 proceeds back to the cellular providers have been obtained.

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

Condition: Based on a report issued by the Office of the State Inspector General, the St. Bernard Parish Prison has over-billed the Parish by at least \$28,100 for prescription drugs supplied to state inmates.

Recommendation: The Parish should continue its investigation into this matter.

Current Status - This comment has been resolved. The Parish has hired an external auditor concerning the billing for parish prisoners at the local jail. Their investigation will begin shortly.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2003**

Finding 03-1 - Budgetary Compliance

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

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

Implementation Date: January 1, 2004

Contact: Barbara Bench, Finance Director (504) 278-4225

Finding 03-2 - Transfers to Sinking Fund

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

Corrective Action: The Finance Department has implemented procedures to make the required transfers to the sinking funds in a timely manner.

Implementation Date: January 1, 2004

Contact: Barbara Bench, Finance Director (504) 278-4225