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**ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)**

Franklin, Louisiana

Financial Report

For The Thirteen Months Ended June 30, 1998

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

Release Date DEC 16 1998

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## INDEPENDENT AUDITOR'S REPORT

The Honorable David A. Naquin  
St. Mary Parish Sheriff as  
Ex-Officio Tax Collector  
Franklin, Louisiana

We have audited the accompanying statement of collections, distributions, and unsettled balances of the Tax Collector Fund (agency fund) of the St. Mary Parish Sheriff for the thirteen months ended June 30, 1998 as listed in the table of contents. This financial statement is the responsibility of the St. Mary Parish Sheriff as Ex-Officio Tax Collector. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described more fully in Note 1, the accompanying statement presents information only on the Tax Collector Fund (agency fund) and is not intended to present fairly the financial position and results of operations of the St. Mary Parish Sheriff. Further, the accompanying statement of collections, distributions, and unsettled balances has been prepared on a cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the collections, distributions, and unsettled balances of the Tax Collector Fund of the St. Mary Parish Sheriff for the thirteen months ended June 30, 1998, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 1998 on our consideration of the Tax Collector Fund of the St. Mary Parish Sheriff's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

*Darnall, Sikes, & Frederick*  
A Corporation of Certified Public Accountants

Morgan City, Louisiana  
September 16, 1998

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Certified Public Accountants

**FINANCIAL STATEMENT**

ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana

TAX COLLECTOR AGENCY FUND

Statement of Collections, Distributions  
and Unsettled Balances  
For the Thirteen Months Ended June 30, 1998

Unsettled balances, June 1, 1997	<u>\$ 1,024,816</u>
Collections:	
Ad valorem taxes	21,167,185
State revenue sharing	1,220,269
Sporting licenses	257,614
Parish occupational licenses	338,927
Interest on:	
Delinquent taxes	21,375
Deposit of taxes, licenses, etc.	31,503
Deposit of taxes paid under protest	31,649
Tax notices, etc.	6,019
Total collections	<u>23,074,541</u>
Total	<u>24,099,357</u>
Distributions:	
Louisiana Department of Wildlife and Fisheries	221,542
Atchafalaya Basin Levee District	41,254
Timberland Fire District	5,375
Louisiana Tax Commission	5,391
St. Mary Parish:	
Council	2,872,390
School Board	9,464,939
Drainage Districts	1,433,600
Waterworks Districts	987,725
Hospital Districts	1,495,345
Recreation Districts	778,487
Fire Protection Districts	523,026
Sewerage Districts	910,955
Harbor and Terminal Districts	863,632
Mosquito Control District No. 1	30,131
Sheriff	2,522,955
Assessment District	650,036
Pension Funds	34,426
Total distributions	<u>22,841,209</u>
Unsettled balances, June 30, 1998, due to taxing bodies and others	<u>\$ 1,258,148</u>

The accompanying notes are an integral part of this statement

ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana

Notes to Financial Statement

NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others. The accompanying financial statement has been prepared on the cash basis of accounting, with collections recognized when received and distributions reflected when paid.

NOTE 2      INTEREST-BEARING DEPOSITS

State law authorizes the Sheriff to deposit tax collections in a bank domiciled in the parish where the funds are collected. At June 30, 1998, the Sheriff has interest-bearing deposits (book balances) totaling \$1,258,148, representing unsettled tax collections. Deposit balances (bank balances) at June 30, 1998 of \$1,268,086 are fully secured through federal deposit insurance and/or securities pledged by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana

Notes to Financial Statement

NOTE 3 STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 1452 of 1997 received during the year were allocated among the taxing bodies as follows:

Atchafalaya Basin Levee District	\$ 1,817
St. Mary Parish:	
Council	109,417
Library	59,923
School Board	457,045
Hospital Districts	74,023
Waterworks Districts	30,355
Drainage Districts	130,647
Harbor and Terminal Districts	85,034
Sheriff	174,237
Assessment District	63,345
Pension Funds	34,426
	\$1,220,269
Total	\$1,220,269

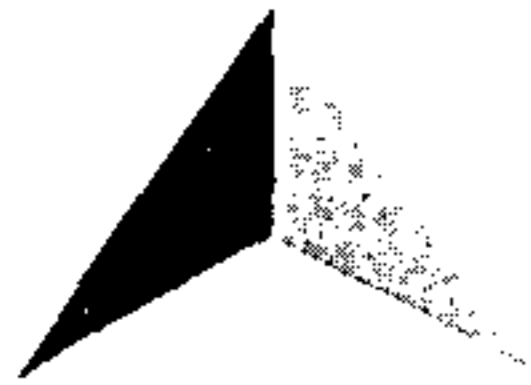
NOTE 4 UNSETTLED BALANCES

The unsettled cash balance at June 30, 1998 of \$1,258,148 consists of the following:

Ad valorem taxes	\$ 13,979
Protest taxes	1,092,281
Sporting licenses	23,188
Parish licenses	32,588
Interest earned on deposits and delinquent taxes	31,116
Interest earned on protest taxes	64,446
Tax notices, costs, etc.	550
	\$1,258,148
	\$1,258,148

**INTERNAL CONTROL AND COMPLIANCE**





# Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

## 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

Honorable David A. Naquin  
St. Mary Parish Sheriff  
Ex-Officio Parish Tax Collector  
Franklin, Louisiana

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We have audited the statement of collections, distributions and unsettled balances of the Tax Collector Fund (agency fund) of the St. Mary Parish Sheriff, as of and for the thirteen months ended June 30, 1998, and have issued our report thereon dated September 16, 1998. We have conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. However, we noted one *certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the St. Mary Parish Sheriff's ability to record, process, summarize and report financial data consistent with the assertions of management in the statement of collections, distributions and unsettled balances. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 98-1.

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This report is intended for the information of the sheriff and management of his office. However, this report is a matter of public record and its distribution is not limited.

*Dannall, Sikes, & Frederick*  
A Corporation of Certified Public Accountants

Morgan City, Louisiana  
September 16, 1998

**OTHER SUPPLEMENTARY INFORMATION**

ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana  
Tax Collector Agency Fund

Summary Schedule of Prior Year Findings  
For the Thirteen Months Ended June 30, 1998

97-1 Finding: Inadequate Segregation of Accounting Functions

Status: This finding is unresolved. See current year finding 98-1.

97-2 Finding: Inadequate Fidelity Bond Insurance Coverage

Status: This finding has been resolved.

97-3 Finding: Audit Report Not Timely Filed

Status: This finding only applied to the audit of the year ended May 31, 1997, and has been resolved.

**ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana  
Tax Collector Agency Fund**

**Schedule of Finding and Questioned Costs  
For the Thirteen Months Ended June 30, 1998**

**Part 1: Summary of Auditor's Results**

**FINANCIAL STATEMENT**

**Auditor's Report – Financial Statement**

An unqualified opinion has been issued on the statement of collections, distributions, and unsettled balances of the Tax Collector Fund of the St. Mary Parish Sheriff as of and for the thirteen months ended June 30, 1998.

**Reportable Conditions – Financial Statement**

One reportable condition in internal control over financial reporting was disclosed during the audit of the financial statement and is shown as item 98-1 in Part 2 and is considered a material weakness.

**Material Noncompliance – Financial Reporting**

There were no material instances of noncompliance noted during the audit of the financial statement.

**FEDERAL AWARDS**

This section is not applicable for the fiscal period ended June 30, 1998.

**Part 2: Findings Relating to an Audit in Accordance with Government Auditing Standards**

**98-1            Inadequate Segregation of Accounting Functions**

**Finding:**

Due to the small number of accounting personnel, the Sheriff did not have adequate segregation of functions within the accounting system.

**Recommendation:**

Based upon the size of the operation and the cost benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**Part 3: Findings and Questioned Costs Relating to Federal Programs**

At June 30, 1998, the Tax Collector Fund of the St. Mary Parish Sheriff did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

ST. MARY PARISH SHERIFF  
(AS EX-OFFICIO TAX COLLECTOR)  
Franklin, Louisiana  
Tax Collector Agency Fund

Management's Corrective Action Plan For Current Year Findings  
For the Thirteen Months Ended June 30, 1998

Response to Finding 98-1:

No response is considered necessary.