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ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
WITH SUPPLEMENTAL INFORMATION

As of and for the Year 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 auditor, or reviewed, ready 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.

FEB 3 1999

Release Date \_\_\_\_\_

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the St. Tammany Parish Sheriff as of June 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. Tammany Parish Sheriff. Our responsibility is to express an opinion on these statements based on our audit.

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

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems, and other electronic equipment, year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems, and other electronic equipment critical to conducting operations, year 2000-compliant; and
- the additional stages of work necessary for making the computer systems, and other electronic equipment, year 2000-compliant.

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

The St. Tammany Parish Sheriff has omitted such disclosures. We do not provide assurance that the St. Tammany Parish Sheriff is or will be year 2000 ready, that the St. Tammany Parish Sheriff's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the St. Tammany Parish Sheriff does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Parish Sheriff, as of June 30 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information and the schedule of expenditures of federal awards, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Tammany Parish Sheriff. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 1998 on our consideration of the St. Tammany Parish Sheriff's internal control over financial reporting and on our tests of its compliance with laws and regulations.

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

November 13, 1998

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES  
AND ACCOUNT GROUPS

June 30, 1998

	GOVERNMENTAL FUND TYPE		PROPRIETARY FUND TYPE -		FIDUCIARY FUND TYPE -		ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE	INTERNAL SERVICE	AGENCY FUNDS	GENERAL FIXED ASSETS	LONG-TERM DEBT	GENERAL ASSETS	LONG-TERM DEBT		
<b>ASSETS</b>										
Cash (note A-5)	\$ 3,626,808	\$ 153,880	\$ 83,979	\$ 10,150,514	\$	\$	\$	\$	\$	14,015,181
Receivables (note D)	2,120,174	886,018	216,450	118,973						3,341,615
Due from other governments				1,161						1,161
Due from other funds (note E)	140,926	397,875								538,801
Inventory (note A-6)	56,556						10,055,230			56,556
Building, automobiles and equipment (note F)										10,055,230
Amount to be provided for retirement of general long-term obligations								1,761,261		1,761,261
<b>TOTAL ASSETS</b>	<b>\$ 5,944,464</b>	<b>\$ 1,437,773</b>	<b>\$ 300,429</b>	<b>\$ 10,270,648</b>	<b>\$</b>	<b>\$</b>	<b>\$ 10,055,230</b>	<b>\$ 1,761,261</b>	<b>\$</b>	<b>\$ 29,769,805</b>
<b>LIABILITIES AND FUND EQUITY</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 114,960	\$ 7,386	\$ 167,624	\$	\$	\$	\$	\$	\$	289,970
Accrued liabilities	385,284									385,284
Due to other funds (Note E)	397,875		4,642	136,284						538,801
Due to other governments				201,916						201,916
Notes payable (note I)							1,666,588			1,666,588
Due to taxing bodies and others	86,449			9,932,448				94,673		10,018,897
Compensated absences payable (note A-8 and G)										94,673
<b>Total Liabilities</b>	<b>984,568</b>	<b>7,386</b>	<b>172,266</b>	<b>10,270,648</b>	<b>-</b>	<b>1,761,261</b>	<b>10,055,230</b>	<b>1,761,261</b>	<b>13,196,129</b>	<b>13,196,129</b>
<b>Fund Equity:</b>										
Investment in general fixed assets							10,055,230			10,055,230
Fund balance										
Unreserved - undesignated	4,903,340	1,430,387								6,333,727
Reserve for inventory	56,556									56,556
Retained earnings			128,163							128,163
<b>Total Fund Equity</b>	<b>4,959,896</b>	<b>1,430,387</b>	<b>128,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,055,230</b>	<b>-</b>	<b>16,573,676</b>	<b>16,573,676</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 5,944,464</b>	<b>\$ 1,437,773</b>	<b>\$ 300,429</b>	<b>\$ 10,270,648</b>	<b>\$</b>	<b>\$ 1,761,261</b>	<b>\$ 10,055,230</b>	<b>\$ 1,761,261</b>	<b>\$</b>	<b>\$ 29,769,805</b>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
COMBINED IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -  
GOVERNMENTAL FUND TYPE - GENERAL AND SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1998

	General Fund			Special Revenue Funds		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>						
Ad valorem taxes	\$ 5,290,919	\$ 5,341,265	\$ 50,346	\$	\$	\$
Sales tax	4,828,712	5,032,891	204,179	1,191,000	1,298,829	107,829
Intergovernmental revenues:						
Federal grants	893,125	1,095,470	202,345			
State grants	65,751	96,752	31,001			
State revenue sharing	400,000	390,558	(9,442)			
State supplemental pay	808,944	765,536	(43,408)			
Fees, charges, and commissions for services:						
Commissions						
Sales tax	967,332	1,031,661	64,329			
Other	700,000	832,150	132,150			
Civil fees	682,752	806,792	124,040			
Criminal fees	678,638	601,358	(77,280)			
Court attendance	15,000	28,620	13,620			
Parish jail maintenance	81,900	81,900	-			
Transporting prisoners	35,000	47,787	12,787			
Feeding and keeping prisoners	2,259,469	2,393,770	134,301			
Tax research and other services	199,280	329,893	130,613			
911 service	-	174,750	174,750			
Interest earnings	311,225	369,050	57,825		8,531	8,531
Other revenues	449,278	200,101	(249,177)		201,785	201,785
Salary reimbursements	126,782	130,824	4,042			
Total revenues	18,794,107	19,751,128	957,021	1,191,000	1,509,145	318,145
<b>EXPENDITURES</b>						
Public safety:						
Personal services	9,355,775	9,437,687	(81,914)			
Payroll benefits	637,903	660,005	(22,102)			
Employee insurance benefit	1,163,300	1,385,672	(222,372)			
Operating expenditures	1,615,281	1,792,002	(176,721)		14,936	(14,936)
Professional fees	303,203	322,732	(19,529)			
Materials and supplies	1,630,000	1,981,278	(351,278)	170,000	160,023	9,977
Travel and education	205,574	189,158	16,416			
Insurance	480,173	495,386	(15,213)			
Other	25,000	13,259	11,741			
Debt service	558,330	558,330	-			
Capital outlays	2,895,639	2,794,445	101,194			
Total expenditures	\$ 18,870,176	\$ 19,629,954	\$ (759,778)	\$ 170,000	\$ 174,959	\$ (4,959)

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL -  
GOVERNMENTAL FUND TYPE - GENERAL AND SPECIAL REVENUE FUNDS

For the Year Ended June 30, 1998

	General Fund			Special Revenue Fund		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (96,069)	\$ 121,174	\$ 217,243	\$ 1,041,000	\$ 1,334,186	\$ 293,186
OTHER FINANCING SOURCES (USES)						
Operating Transfers In(Out)	-	(96,201)	(96,201)	-	96,201	96,201
Note proceeds	600,000	600,000	-	-	-	-
Total other financing sources (uses)	600,000	503,799	(96,201)	-	96,201	96,201
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	\$ 503,931	\$ 624,973	\$ 121,042	\$ 1,041,000	\$ 1,430,387	\$ 389,387
FUND BALANCE AT BEGINNING OF YEAR		4,334,923				
FUND BALANCE AT END OF YEAR		\$ 4,959,896			\$ 1,430,387	



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS -  
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

OPERATING REVENUES	
Premium contributions	\$1,736,921
Reinsurance proceeds	294,689
Other	<u>28,930</u>
Total revenues	2,060,540
OPERATING EXPENSES	
Claims expenses	1,653,417
Other premiums	116,484
Stop loss premiums	89,160
Administrative fees	<u>70,550</u>
Total operating expenses	<u>1,929,611</u>
OPERATING NET INCOME	130,929
NON-OPERATING REVENUES	
Interest income	<u>8,135</u>
NET INCOME	139,064
Retained earnings (deficit) - beginning	<u>(10,901)</u>
Retained earnings - ending	<u>\$ 128,163</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINED STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating income	\$ 130,929
Adjustments to reconcile net operating income to net cash used by operating activities	
Increase in accounts receivable	(214,919)
Decrease in due from other funds	166,905
Decrease in accounts payable	<u>(141,976)</u>
Total adjustments	<u>(189,990)</u>
Net cash used by operating activities	(59,061)

CASH FLOWS FROM INVESTING ACTIVITIES:

Receipts of interest	<u>8,135</u>
Net cash provided by investing activities	<u>8,135</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (50,926)

Cash, beginning of year 134,905

Cash, end of year \$ 83,979

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the Chief Executive Officer of the law enforcement district and Ex-Officio Tax Collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws, ordinances, et cetera, within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols, investigations, and other law enforcement activities. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the parish, state or federal government.

As the Ex-Officio Tax Collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sportsman's licenses, fines and costs, and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales taxes throughout the parish.

The financial statements of the Sheriff conform to generally accepted accounting principals (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

1. Reporting Entity

For financial reporting purposes, the Sheriff includes all funds and account groups that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office, which include the hiring or retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the parish police jury as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the St. Tammany Parish Sheriff.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting

The Sheriff uses funds and account groups to report on financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term obligations) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, fiduciary, and proprietary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on providing services to the public, fiduciary funds are used to account for assets held for others, and proprietary funds are used to account for a government's ongoing activities. The Sheriff's current operations require the use of governmental, fiduciary, and proprietary funds as described below:

Governmental Funds

The General fund, as provided by Louisiana Revised Statute 33:1422, is the principal fund of the Sheriff's office and accounts for the operations of the Sheriff's office. The Sheriff's primary sources of revenue are an ad valorem tax levied by the law enforcement district, and the Sheriff's one-fourth percent sales tax. The Sheriff also receives revenue from state supplemental pay for deputies, civil and criminal fees, fees for court attendance, maintenance of prisoners, and various other commissions. General operating expenditures are paid from this fund.

The Special Revenue funds are used to account for the proceeds of specific revenues sources other than expendable trusts or major capital projects that are legally restricted to expenditures for specified purposes. The Sheriff's Special Revenue funds include Inmate Commissary and Jail Sales Tax activity.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting - Continued

Fiduciary Fund - Agency Funds

The agency funds are used as depositories for civil suits, cash bonds, taxes, fees, licenses and inmates. Disbursements from the funds are made to various parish agencies, litigants in suits, and refunds, in the manner prescribed by law. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Proprietary Fund - Internal Service Funds

Internal service funds are used to account for liability claims and health care claims made by the Sheriff's employees on a cost recovery basis. Resources to fund the self insurance plans are recorded as revenues. The cost of claims is recorded as an expense in the internal service funds when the claims arise. Accrued liabilities include provisions for claims reported but not yet paid as of fiscal year-end.

3. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds

The governmental funds are accounted for using the modified accrual basis of accounting. The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Basis of Accounting - Continued

Sales taxes are recorded in the year the related sale has occurred. Fees, charges, and commissions for services, interest income on time deposits, other revenues, and intergovernmental revenues (except state revenue sharing) are recorded when earned.

Expenditures

Generally, expenditures are recognized under the modified accrual basis when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees are paid for accrued leave upon termination. The cost of leave privileges not requiring current resources are recorded in the general long-term obligations account group.

Other Financing Sources

Proceeds of notes payable are accounted for as an other financing source and are recorded when cash is received.

Proprietary Fund

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

4. Budget Practices

The proposed 1997-1998 budget for the General Fund was made available for public inspection at the Sheriff's office on June 8, 1997. A public hearing was held on June 20, 1997, at the Sheriff's office for suggestions and comments from taxpayers. The proposed budget was legally adopted by the Sheriff on the date of the public hearing. All appropriations lapse at year end. The budget, which includes proposed expenditures and the means of financing them, was published in the official journal prior to the public hearings.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Budget Practices - Continued

The General and Special Revenue Fund budgets are prepared on the modified accrual basis of accounting. Formal budget integration (within the accounting records) is used during the year as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

5. Cash

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

6. Inventories

Office supplies, lab supplies, and vehicle parts inventories are valued at cost, which approximates market. Cost is determined using the specific identification method. This is not considered to be a material departure from GAAP.

7. General Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. General fixed assets provided by the parish police jury or improvements thereon, such as the jail addition, are not recorded within the Sheriff's general fixed assets account group. Fixed assets are valued at historical cost or estimated historical cost, if historical cost is not available. Donated assets are recorded at fair market value at the time of donation. No depreciation has been provided on general fixed assets.

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term debt account group, not in the General Fund. These two account groups are not funds because they are concerned only with the measurement of financial position and do not involve measurement of results of operations.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. Compensated Absences

Employees of the Sheriff's office earn from 10 to 15 days of vacation leave and 5 to 15 days of sick leave each year, depending on length of service. Vacation leave cannot be accumulated and must be used during the year it is earned. Sick leave can be accumulated up to a maximum of 480 hours. Upon termination, sick leave lapses. Employees of the Sheriff's office also earn compensatory leave. Compensatory leave is earned at the rate of time and a half for overtime worked and may be carried forward but may not exceed more than 40 hours at any time. Excess hours are paid as overtime.

9. Total Column on the Balance Sheet

The total column on the balance sheet is captioned "Memorandum Only" (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B - LEVIED TAXES

Property taxes for the Sheriff are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessors'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 of January 1, 1996. Taxes are due and payable December of the following year.

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

	<u>Millage</u>	<u>Expiration Date</u>
1998 Law Enforcement District	4.89	2008
Constitutional Law Enforcement District	8.05	n/a

The 1998 millage was adopted for the purpose of general law enforcement support. The millage was renewed at an election held on October 18, 1997.



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE C - CASH AND CASH EQUIVALENTS

At June 30, 1998, the Sheriff has \$14,015,181 (book balance) in interest-bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1998, the Sheriff has \$15,391,219 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$15,291,219 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

NOTE D - RECEIVABLES

The General Fund receivables of \$2,120,174 at June 30, 1998, are as follows:

Class of Receivable

Sales tax	\$1,011,935
Ad valorem taxes	266,466
State funds receivable	73,036
Federal funds receivable	192,692
Fees, charges, and commissions for services:	
Feeding, keeping and transporting prisoners	341,857
Fines and cost	50,134
Commissions	84,520
Other	<u>99,534</u>
Total	<u>\$2,120,174</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE E - DUE FROM/ TO OTHER FUNDS

Individual balances due from/to other funds at June 30, 1998 are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 140,926	\$ 397,875
Special Revenue:		
Jail Sales Tax Fund	397,875	-
Internal Service:		
Risk Management Fund	-	4,642
Agency		
Cops More Grant Fund	-	<u>136,284</u>
	<u>\$ 538,801</u>	<u>\$ 538,801</u>

NOTE F - GENERAL FIXED ASSETS

A summary of changes in general fixed assets (automobiles and equipment) follows:

Balance, June 30, 1996	\$ 7,367,235
Additions	2,794,445
Reductions	<u>(106,450)</u>
Balance, June 30, 1998	<u>\$10,055,230</u>

General fixed assets consist of the following at June 30, 1998:

Vehicles and accessories	\$ 5,440,559
Communication equipment	770,722
Computer equipment	1,541,351
Office equipment	167,544
Guns and accessories	53,295
Boats and accessories	103,193
Other	440,452
Building improvements	1,511,651
Lab equipment	<u>26,463</u>
Total	<u>\$10,055,230</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE G - COMPENSATED ABSENCES

At June 30, 1998, employees of the Sheriff's office have accumulated \$94,673 of compensatory leave benefits, computed in accordance with GASB Codification Section C60. This amount is recorded as compensated absences payable within the general long-term obligations account group.

The cost of leave privileges, computed in accordance with previous codification, is recognized as a current year expenditure within the General Fund when leave is actually taken.

NOTE H - LEASES

The Sheriff is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Sheriff's account groups. Rent payments of \$122,416 were made during the year ended June 30, 1998. The following is a schedule of future minimum rental payments:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
1999	\$114,816
2000	103,424
2001	11,413
2002	<u>1,600</u>
Total minimum lease payments	<u>\$231,253</u>

NOTE I - NOTES PAYABLE

At June 30, 1998, the Sheriff was obligated under the following agreements:

Certificate of Indebtedness payable to a bank dated November 21, 1996, principal payable in ten annual installments with interest to be paid semi-annually at a rate of 4.9% secured by excess revenue of the Sheriff \$645,000

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE I - NOTES PAYABLE - Continued

Equipment installment purchase agreement payable to a bank dated October 21, 1996, with an original principal of \$1,000,000, payable in twelve quarterly installments of \$90,471 including interest at a rate of 5.15%, secured by certain equipment purchased with the proceeds of the agreement	514,605
Equipment installment purchase agreement payable to a bank dated November 10, 1997 with an original principal of \$600,000, payable in monthly installments due in December, 2000 at a rate of 5.30% secured by certain equipment purchased with the proceeds of the agreement.	<u>506,983</u> <u>\$1,666,588</u>

Total future principal and interest payments under the above obligations are as follows:

	Principal	Interest	Total
1999	\$ 596,362	\$244,983	\$ 841,345
2000	438,317	236,016	674,333
2001	171,909	131,041	302,950
2002	70,000	20,825	90,825
2003	70,000	17,395	87,395
Thereafter	320,000	32,095	352,095
	<u>\$1,666,588</u>	<u>\$682,355</u>	<u>\$2,348,943</u>

NOTE J - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations for:

	Compensated Absences	Notes Payable	Total
Balance, June 30, 1997	\$ 185,282	\$1,543,809	\$1,729,091
Additions	-	600,000	600,000
Reductions	(90,609)	(471,221)	(567,830)
Balance, June 30, 1998	<u>\$ 94,673</u>	<u>\$1,666,588</u>	<u>\$1,761,261</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE K - CHANGES IN AGENCY FUND BALANCES

A summary of changes in fund balances due to taxing bodies and others follows:

	Sheriff's Fund	Tax Collector Fund	Inmate Fund	Fines and Cost Fund	COPS More
Balance at July 1, 1997	\$ 615,450	\$ 8,805,987	\$ 41,281	\$ 235,587	\$ -
Additions	4,501,755	162,126,621	387,996	3,048,163	740,967
Deductions	<u>(4,045,183)</u>	<u>(162,440,073)</u>	<u>(369,794)</u>	<u>(2,975,537)</u>	<u>(402,572)</u>
Balance at June 30, 1998	<u>\$ 1,072,022</u>	<u>\$ 8,492,535</u>	<u>\$ 59,483</u>	<u>\$ 308,213</u>	<u>\$ 338,395</u>

NOTE L- EXPENDITURES OF THE SHERIFF'S OFFICE PAID  
BY THE PARISH POLICE JURY

The Sheriff's office occupies various facilities owned by the Parish. The cost of maintaining and operating these facilities, as required by Louisiana Revised Statute 33:4715, is paid by the St. Tammany Parish Police Jury.

NOTE M - PENSION PLAN

Substantially all employees of the St. Tammany Parish Sheriff are members of the state individual retirement system known as the Sheriffs' Pension and Relief Fund ("System"), a multiple-employer (cost sharing), public employee retirement system (PERS), administered and controlled by a separate board of trustees.

*Plan description* - All sheriffs and deputies who are found to be physically fit, who earn at least \$550 per month, and who were between the ages of 18 and 50 at time of original employment are required to participate in the system. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.75 percent for each year if total service is at least 12 but less than 15 years, 3 percent for each year if total service is at least 15 but less than 20 years, and 3.25 percent for each year if total service is at least 20

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE M - PENSION PLAN - Continued

years. In any case, the retirement benefit cannot exceed 100 percent of their final-average salary. Final-average salary is the employees's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive benefits accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute. Contributions to the System include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and a direct appropriation from the State of Louisiana.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana, 71210-3163, or by calling (318) 362-3198.

*Funding Policy* - Plan members are required by state statute to contribute 8.7 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 5.0 percent of annual covered payroll. The contribution requirements of plan members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ending June 30, 1998, 1997, and 1996, were \$437,728, \$460,340, and \$435,491, respectively, equal to the required contributions for each year.

NOTE N - DEFERRED COMPENSATION PLAN

The St. Tammany Parish Sheriff offers its employees deferred compensation under the Louisiana Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until retirement, death, termination, disability, or financial hardship.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or beneficiary) solely the property and rights of the Sheriff (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Sheriff's general creditors. Participants' rights under the plan are equal to those of general creditors of the Sheriff in an amount equal to the fair market value of the deferred account for each participant.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE N - DEFERRED COMPENSATION PLAN - Continued

It is the opinion of the Sheriff's legal counsel that the Sheriff has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Sheriff believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future. Accordingly, the plan assets and related liabilities have not been included herein.

NOTE O - POST-RETIREMENT BENEFITS

The St. Tammany Parish Sheriff provides certain continuing health care benefits for retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff's office. These benefits for retirees and similar benefits for active employees are provided through the Sheriff's Internal Service Fund. The Sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year ended June 30, 1998, the Sheriff expended \$1,408,006 for health care and life insurance benefits. Included in this total is \$94,056 of health care benefits paid for retirees. There are 48 retirees and 452 active employees as of June 30, 1998.

NOTE P - LITIGATION AND CLAIMS

At June 30, 1998, the Sheriff is involved in a number of lawsuits. In the opinion of the Sheriff's legal counsels, resolution of the majority of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

NOTE Q - SELF-INSURANCE

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Sheriff has contracted with various insurers to cover its risk of loss as to assets which it owns with the exception of motor vehicles for which he retains the risk of loss. The Sheriff also retains the risk of loss as to injuries to employees not covered under the Employee Health Insurance Plan. The Sheriff has retained a portion of its risks as to employee health insurance coverage and for general and law enforcement liability for which it has established internal service funds to account for and to finance its portion of these risks.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE Q - SELF-INSURANCE - Continued

Employee Health Insurance

On January 1, 1994, the Sheriff established a self-insurance health plan for his employees. The Plan administrators, Fara Benefit Services, are responsible for the approval, processing, and payment of claims. They are also responsible for actuarially determining the needed funding of the plan, for which they bill the Sheriff.

The Plan is accounted for in an internal service fund of the Sheriff. Resources to fund the Plan are recorded as revenues. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claims liabilities include an amount for claims that have been incurred but not paid as of June 30, 1998. These liabilities are reported at their present value of \$145,163.

Changes in the balances of claims liabilities during fiscal years 1998, 1997 and 1996 were as follows:

	<u>1998</u>	<u>1997</u>	<u>1996</u>
Beginning of year liability	\$ 297,202	\$ 76,591	\$ 96,043
Claims and changes in estimates	1,525,493	1,442,751	1,451,964
Claims payments	<u>(1,677,532)</u>	<u>(1,222,140)</u>	<u>(1,471,416)</u>
Balance at fiscal year end	<u>\$ 145,163</u>	<u>\$ 297,202</u>	<u>\$ 76,591</u>

A stop-loss insurance contract executed with an insurance carrier covers aggregate claims in excess of 125% of total expected claims and \$50,000 per single employee, per year. This policy provides stated coverage on a calendar year basis.

Liability Risk Management

The Sheriff has established a self insurance fund to cover its deductible for general liability, law enforcement, and automotive liability. The Sheriff participates in insurance contracts for the coverage of general liability, law enforcement liability, automotive liability and buildings and contents. Limits of coverage are \$1,000,000 for each general liability, law enforcement, and automotive liability. Aggregate insurance limits for both general liability and law enforcement is \$3,000,000 combined. The Sheriff self insures the deductible of \$25,000 for each occurrence up to a maximum of \$140,000 aggregate for all liability insurances. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Resources to fund the plan are recorded as revenues. Claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not paid as of June 30, 1998. These liabilities are recorded at their present value of \$22,462.



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 1998

NOTE Q - SELF-INSURANCE - Continued

Changes in the balance of claims are as follows:

	<u>1998</u>	<u>1997</u>
Beginning of year liability	\$ 12,398	-
Claims and legal fees	127,924	27,920
Claim payments	<u>(117,861)</u>	<u>(15,522)</u>
Balance at fiscal year end	<u>\$ 22,461</u>	<u>\$ 12,398</u>

NOTE R - EXPENDITURES - ACTUAL AND BUDGET

The General Fund had actual expenditures of \$19,629,954 over budgeted expenditures of \$18,870,176 thus creating an unfavorable variance of \$759,778. The Special Revenue Funds had actual expenditures of \$174,595 over budgeted expenditures of \$170,000 creating an unfavorable variance of \$4,959.

NOTE S - RESERVED FUND BALANCE

Reserve for inventories - The reserve for inventories was created to represent the portion of the fund balance that is not available for expenditure because the Sheriff expects to use these resources within the next budgetary period.

NOTE T - TAXES PAID UNDER PROTEST

The unsettled balances due to taxing bodies and others in the agency funds at June 30, 1998, as reflected on page 6, include \$386,534 of taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$404,811. These funds are held pending resolution of the protest and are accounted for in the Tax Collector Agency Fund.

SUPPLEMENTAL INFORMATION

**SPECIAL REVENUE FUNDS**

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SPECIAL REVENUE FUNDS

As of and for the Year Ended June 30, 1998

INMATE COMMISSARY

The Inmate Commissary fund accounts for proceeds of sales of various goods to inmates of the parish jail. Expenditures of the fund are for purchases of goods and for maintenance of the jail.

JAIL SALES TAX

The Jail Sales Tax fund accounts for the proceeds of a 1/4 cent sales tax approved on January 17, 1998 for the expansion of the existing jail and to fund ongoing operations of the jail.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINING BALANCE SHEET -  
SPECIAL REVENUE FUNDS

June 30, 1998

	<u>Inmate Commissary</u>	<u>Jail Sales Tax</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 153,880	\$ -	\$ 153,880
Receivables	-	886,018	886,018
Due from other funds	<u>-</u>	<u>397,875</u>	<u>397,875</u>
Total Assets	<u>\$ 153,880</u>	<u>\$1,283,893</u>	<u>\$ 1,437,773</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Accounts payable	<u>\$ 7,386</u>	<u>\$ -</u>	<u>\$ 7,386</u>
Total Liabilities	7,386	-	7,386
 Fund Equity			
Fund balance	<u>146,494</u>	<u>1,283,893</u>	<u>1,430,387</u>
Total Liabilities and Fund Equity	<u>\$ 153,880</u>	<u>\$1,283,893</u>	<u>\$ 1,437,773</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN FUND BALANCES -  
SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 1998

	<u>Inmate Commissary</u>	<u>Jail Sales Tax</u>	<u>Total</u>
REVENUES			
Sales tax	\$ -	\$1,298,829	\$1,298,829
Interest earnings	8,531	-	8,531
Sale of goods to inmates	<u>201,785</u>	<u>-</u>	<u>201,785</u>
Total revenue	210,316	1,298,829	1,509,145
OPERATING EXPENSES			
Operating expenses	-	14,936	14,936
Materials and supplies	<u>160,023</u>	<u>-</u>	<u>160,023</u>
Total expenses	<u>160,023</u>	<u>14,936</u>	<u>174,959</u>
EXCESS OF REVENUES OVER EXPENSES	50,293	1,283,893	1,334,186
OTHER FINANCING SOURCES			
Operating transfers in (out)	<u>96,201</u>	<u>-</u>	<u>96,201</u>
Total other financing sources	<u>96,201</u>	<u>-</u>	<u>96,201</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENSES	146,494	1,283,893	1,430,387
FUND BALANCE - BEGINNING	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 146,494</u>	<u>\$1,283,893</u>	<u>\$1,430,387</u>

**PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS**

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

As of and for the Year Ended June 30, 1998

EMPLOYEE HEALTH

The Sheriff provides employee health and life insurance benefits through monthly transfers from the general fund to the Employee Health fund.

RISK MANAGEMENT

The Risk Management fund accounts for the Sheriff's self insurance of its deductibles on its general, law enforcement, and automotive liability policies.



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINING BALANCE SHEET -  
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

June 30, 1998

	<u>Employee Health</u>	<u>Risk Management</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 15,685	\$ 68,294	\$ 83,979
Receivables	<u>216,450</u>	<u>-</u>	<u>216,450</u>
Total Assets	<u>\$ 232,135</u>	<u>\$ 68,294</u>	<u>\$ 300,429</u>
 <b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Accounts payable	\$ 145,163	\$ 22,461	\$ 167,624
Due to other funds	<u>-</u>	<u>4,642</u>	<u>4,642</u>
Total Liabilities	145,163	27,103	172,266
 Fund Equity			
Retained earnings	<u>86,972</u>	<u>41,191</u>	<u>128,163</u>
Total Liabilities and Fund Equity	<u>\$ 232,135</u>	<u>\$ 68,294</u>	<u>\$ 300,429</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS -  
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

	<u>Employee Health</u>	<u>Risk Management</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Premium contributions	\$ 1,649,983	\$ 86,938	\$ 1,736,921
Reinsurance proceeds	294,689	-	294,689
Other	<u>28,930</u>	<u>-</u>	<u>28,930</u>
Total revenues	1,973,602	86,938	2,060,540
<b>OPERATING EXPENSES</b>			
Claims and legal fees	1,525,493	127,924	1,653,417
Other premiums	116,484	-	116,484
Stop loss premiums	89,160	-	89,160
Administrative fees	<u>70,550</u>	<u>-</u>	<u>70,550</u>
Total operating expenses	<u>1,801,687</u>	<u>127,924</u>	<u>1,929,611</u>
<b>OPERATING INCOME (LOSS)</b>	171,915	(40,986)	130,929
<b>NON-OPERATING REVENUES</b>			
Interest income	<u>3,761</u>	<u>4,374</u>	<u>8,135</u>
<b>NET INCOME (LOSS)</b>	175,676	(36,612)	139,064
Retained earnings (deficit) - beginning	<u>(88,704)</u>	<u>77,803</u>	<u>(10,901)</u>
Retained earnings - ending	<u>\$ 86,972</u>	<u>\$ 41,191</u>	<u>\$ 128,163</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

COMBINING STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

For the Year Ended June 30, 1998

	<u>Employee Health</u>	<u>Risk Management</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ 171,915	\$ (40,986)	\$ 130,929
Adjustments to reconcile net operating income (loss) to net cash used by operating activities			
Increase in accounts receivable	(214,919)	-	(214,919)
Decrease in due from other funds	166,905	-	166,905
Increase(decrease) in accounts payable	<u>(152,039)</u>	<u>10,063</u>	<u>(141,976)</u>
Total adjustments	<u>(200,053)</u>	<u>10,063</u>	<u>(189,990)</u>
Net cash used by operating activities	(28,138)	(30,923)	(59,061)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Receipts of interest	<u>3,761</u>	<u>4,374</u>	<u>8,135</u>
Net cash provided by investing activities	<u>3,761</u>	<u>4,374</u>	<u>8,135</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(24,377)	(26,549)	(50,926)
Cash, beginning of year	<u>40,062</u>	<u>94,843</u>	<u>134,905</u>
Cash, end of year	<u>\$ 15,685</u>	<u>\$ 68,294</u>	<u>\$ 83,979</u>

FIDUCIARY FUND TYPE - AGENCY FUNDS

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

As of and for the Year Ended June 30, 1998

SHERIFF'S FUND

The Sheriff's Fund accounts for funds held in connection with civil suits, sheriff's sales, and garnishments. It also accounts for the collections of bonds, probation fines, and disbursement of these collections, in accordance with applicable law.

TAX COLLECTOR FUND

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and parish taxes and fees. The Tax Collector Fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

INMATE FUND

The Inmate Fund accounts for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentence.

FINES AND COST FUND

The Fines and Cost Fund accounts for the collection and settlement of fines and costs received by the courts in accordance with applicable laws.

COPS MORE FUND

The sheriff in consort with the municipalities of St. Tammany Parish receives funds from a Cops More Grant. Grant funds are disbursed to the general fund of the sheriff and to each of the municipalities.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

COMBINING BALANCE SHEET

June 30, 1998

	<u>SHERIFF'S</u>	<u>TAX COLLECTOR</u>	<u>INMATE FUND</u>	<u>FINES &amp; COST</u>	<u>COPS MORE</u>	<u>TOTAL</u>
<b>ASSETS</b>						
Cash	\$ 1,072,022	\$ 8,492,535	\$ 59,483	\$ 308,213	\$ 218,261	\$ 10,150,514
Receivables					118,973	118,973
Due from other governments					1,161	1,161
<b>TOTAL ASSETS</b>	<b>\$ 1,072,022</b>	<b>\$ 8,492,535</b>	<b>\$ 59,483</b>	<b>\$ 308,213</b>	<b>\$ 338,395</b>	<b>\$ 10,270,648</b>
<b>LIABILITIES</b>						
Due to taxing bodies and others	1,072,022	8,492,535	59,483	308,213	195	9,932,448
Due to other funds					136,284	136,284
Due to other governments					201,916	201,916
<b>TOTAL LIABILITIES</b>	<b>\$ 1,072,022</b>	<b>\$ 8,492,535</b>	<b>\$ 59,483</b>	<b>\$ 308,213</b>	<b>\$ 338,395</b>	<b>\$ 10,270,648</b>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

FIDUCIARY FUND TYPE - AGENCY FUNDS

COMBINING SCHEDULE OF CHANGES IN BALANCES DUE TO  
TAXING BODIES AND OTHERS  
For the Year Ending June 30, 1998

	<u>SHERIFFS</u>	<u>TAX COLLECTOR</u>	<u>INMATE FUND</u>	<u>FINES &amp; COST</u>	<u>COPS MORE</u>	<u>TOTAL</u>
BALANCES AT BEGINNING OF YEAR	\$ 615,450	\$ 8,805,987	\$ 41,281	\$ 235,587	\$	\$ 9,698,305
ADDITIONS						
Deposits:						
Sheriff's sales	3,804,068					3,804,068
Bonds	669,763					669,763
Fines and costs				3,033,099		3,033,099
Other deposits			385,132			385,132
Taxes, fees, etc., paid to tax collector		161,143,592				161,143,592
Interest	27,924	983,029	2,864	15,064	194	1,029,075
Grants Proceeds					740,773	740,773
Total additions	<u>4,501,755</u>	<u>162,126,621</u>	<u>387,996</u>	<u>3,048,163</u>	<u>740,967</u>	<u>170,805,502</u>
Subtotal	<u>5,117,205</u>	<u>170,932,608</u>	<u>429,277</u>	<u>3,283,750</u>	<u>740,967</u>	<u>180,503,807</u>
REDUCTIONS						
Taxes, fees, etc., distributed to taxing bodies and others	96,001	162,440,073				162,536,074
Deposits settled to:						
Sheriff's General Fund	470,535			154,167		624,702
Clerk of Court	92,832			224,053		316,885
Litigants and appraisers	2,917,890					2,917,890
Other cost	106,195					106,195
Advertisers	90,244					90,244
District Attorney				387,167		387,167
Police Jury				993,272		993,272
Judicial Expense Fund				120,769		120,769
Indigent defender board				409,473		409,473
Refunds to individuals	221,658			36,102		257,760
Other settlements	49,828		369,794	650,534		1,070,156
Grants Expenditures					402,572	402,572
Total reductions	<u>4,045,183</u>	<u>162,440,073</u>	<u>369,794</u>	<u>2,975,537</u>	<u>402,572</u>	<u>170,233,159</u>
BALANCES AT END OF YEAR	\$ <u>1,072,022</u>	\$ <u>8,492,535</u>	\$ <u>59,483</u>	\$ <u>308,213</u>	\$ <u>338,395</u>	\$ <u>10,270,648</u>

OTHER SUPPLEMENTAL INFORMATION



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 1998

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Grant Number (If Applicable)	Total Grant Award	(Accrued) Deferred Revenue 6/30/97	Cash Received	Revenue Recognized	Expenditures	(Accrued) Deferred Revenue 6/30/98
United States Department of Justice Direct federal assistance Public Safety and Community Policing (Major Program)								
COPS More Grant	16.710	97CLWX0060	\$ 1,102,257	\$ -	\$ 621,800	\$ 740,773	\$ 740,773	\$ (118,973)
COPS Hiring Grant	16.710	97-UM-WX-0937	375,936	-	71,585	109,895	109,895	(38,310)
Equitable Sharing/ Assets Forfeited Passed through the St. Tammany Parish Police Jury	16.000	N/A	N/A	-	227,002	227,002	-	-
Grants to Encourage Arrest Policies Passed through the Metropolitan Commission on Law Enforcement	16.590	97-WE-VX-0059	254,116	(20,368)	81,839	95,471	95,471	(34,000)
Drug Control and System Improvement Passed through the Louisiana Commission on Law Enforcement	16.579	897-7-019	N/A	(34,967)	86,709	78,271	78,271	(26,529)
Local Law Enforcement Block Grants	16.592	N/A	N/A	-	19,562	95,512	95,512	(75,950)
Total United States Department of Justice				(55,335)	1,108,497	1,346,924	1,119,922	(293,762)
United State Department of Transportation Passed through the State of Louisiana State and Community Highway Safety	20.600	N/A	N/A	-	3,806	3,806	3,806	-
United States Drug Enforcement Agency Overtime payments	N/A	N/A	N/A	-	6,383	6,383	6,383	-
				\$ (55,335)	\$ 1,118,686	\$ 1,357,113	\$ 1,130,111	\$ (293,762)

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 1998

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the Sheriff's federal award programs presented on the modified accrual basis of accounting in accordance with generally accepted accounting principles.

NOTE B - RECONCILIATION OF SCHEDULE TO GENERAL PURPOSE FINANCIAL STATEMENTS

The following is a reconciliation of revenues reported on the schedule of expenditures of federal awards to federal grant revenues reported on the general purpose financial statements:

Revenues reported on schedule of expenditures of awards		<u>\$1,357,113</u>
Revenues reported on the general purpose financial statements		
General Fund		\$1,095,470
Cops More Agency Fund	740,773	
Less amount included in General Fund	<u>(479,130)</u>	<u>261,643</u>
Total revenues reported on the general purpose financial statements		<u>\$1,357,113</u>

NOTE C - PAYMENTS TO SUBRECIPIENTS

During the year ended June 30, 1998 the Sheriff made payments to subrecipients out of funds it received under the 1996 Cops More Grant as follows:

Town of Abita Springs	\$ 20,476
City of Covington	22,826
Town of Folsom	13,838
City of Mandeville	87,848
Town of Pearl River	39,920
City of Slidell	<u>76,735</u>
Total payments to subrecipients	<u>\$261,643</u>

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 1998

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE D - EQUITABLE SHARING/ASSETS FORFEITED

Monies received under this program derive from federal seizure of forfeited assets. The Department of Justice allots monies to the involved law enforcement agencies. Monies must be spent for various law enforcement uses and may be carried over to future years. Monies not spent must be accounted for in a separate bank account along with interest earned. As of June 30, 1998, the Sheriff has included these funds in the General Fund. The following is a recap of activity for the year ended June 30, 1998:

Balance July 1, 1997	\$ 11,724
Additions:	
Federal Sharing Funds Received	227,002
Interested earnings	2,388
Deductions:	
Federal Sharing Funds Expended	<u>          -</u>
Balance June 30, 1998	<u>\$ 241,114</u>

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

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 1660

Covington, Louisiana 70434-1660

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

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

We have audited the financial statements of the St. Tammany Parish Sheriff as of and for the year ended June 30, 1998, and have issued our report thereon dated November 13, 1998, which was qualified due to the omission of the year 2000 disclosures that are required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether St. Tammany Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 have been included in the accompanying schedule of findings and questioned costs. We noted other immaterial instances of noncompliance that we have reported orally to management of the St. Tammany Parish Sheriff in an exit conference held December 29, 1998.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Tammany Parish Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported orally to management of the St. Tammany Parish Sheriff in an exit conference held on December 29, 1998.

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

This report is intended for the information of the management, Louisiana Legislative Auditor, and the U.S. Department of Justice. However, this report is a matter of public record and its distribution is not limited.

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

November 13, 1998

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

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

### COMPLIANCE

We have audited the compliance of the St. Tammany Parish Sheriff 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 its major federal program for the year ended June 30, 1998. The St. Tammany Parish Sheriff's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the St. Tammany Parish Sheriff. Our responsibility is to express an opinion on the St. Tammany Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 St. Tammany Parish Sheriff'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 on the St. Tammany Parish Sheriff's compliance with those requirements.

As described in items #98-1, #98-2, #98-3 and #98-4 in the accompanying schedule of findings and questioned costs, the St. Tammany Parish Sheriff did not comply with all of the requirements applicable to its Cops More Grant. Compliance with such requirements is necessary, in our opinion, for the St. Tammany Parish Sheriff to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the St. Tammany Parish Sheriff complied, in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1998.

## INTERNAL CONTROL OVER COMPLIANCE

The management of the St. Tammany Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Tammany Parish Sheriff'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 internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement could adversely affect the St. Tammany Parish Sheriff's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item #98-2 and #98-4.

A material weakness is a condition in which the design or operation of one or more of the internal control components do 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 but not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the above reportable conditions to be a material weakness.

This report is intended for the information of management, the U.S. Department of Justice, the Louisiana Legislative Auditor, and other federal awarding agencies and pass-through entities.

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

November 13, 1998

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 1998

Section 1

Financial Statements

1. Type of auditor's report	Qualified
2. Internal control over financial <u>reporting</u>	
a. Material weaknesses identified	None
b. Reportable conditions identified not considered to be material weaknesses	None
c. Noncompliance material to the financial statements noted.	None

Federal Awards

1. Internal control over major programs	
a. Material weaknesses identified	None
b. Reportable conditions identified not considered to be material weaknesses	98-2 98-4
2. Type of auditor's report issued on compliance for major program	Qualified
3. Audit findings disclosed that are required in accordance with OMB A-133, Section 510a	Yes
4. Identification of major program 16.710	Public Safety and Community Policing
5. Dollar threshold used to distinguish between Type A and B programs.	\$300,000
6. Auditee qualified as a low - risk auditee under OMB A-133 Section 530.	No

Section 2

Financial Statement Findings

None Reported



ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 1998

Section 3

Federal Awards Findings and Questioned Costs

98-1, 98-2, 98-3, and 98-4

98-1 Cops More Grant - CFDA # 16.710

*Conditions and Criteria:* The St. Tammany Parish Sheriff did not timely submit an acceptable Equal Employment Opportunity Plan (EEO Plan) to the U.S. Office of Civil Rights. The Cops More Grant Award letter and the Cops More Grant Manual both require that entities receiving more than \$500,000 of grant funds from the U.S. Department of Justice submit an acceptable EEO Plan to the Office of Civil Rights before funds may be drawn down.

*Effects:* The St. Tammany Parish Sheriff's failure to timely submit an EEO Plan resulted in a violation of its assurances to the U.S. Department of Justice and could result in the suspension of the draw down of funds.

*Cause:* This occurred due to the Sheriff's personnel being unaware of this requirement. The COPS More Grant is a new program and this is the first year that the Sheriff has participated.

*Auditor's Recommendation:* The Sheriff should prepare the EEO Plan and submit it to the Office of Civil Rights as soon as possible.

*Grantee Response:* The Sheriff submitted an EEO Plan subsequent to June 30, 1998.

98-2 Cops More Grant - CFDA #16.710

*Condition and Criteria:* The Sheriff received its first quarter 1998 drawdown of funds on June 18, 1998. Funds due to subrecipients were not paid until August 3, 1998. This delay in disbursing federal funds is not in accordance with cash management requirements described in 31 CFR part 205.

*Effect:* The Sheriff did not timely disburse funds.

*Cause:* The Sheriff had not instituted procedures for disbursing funds to subrecipients in a timely manner.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 1998

*Auditor's Recommendation:* The Sheriff should institute procedures for disbursing funds to subrecipients in compliance with cash management procedures. The Sheriff should designate an employee to approve disbursements when federal funds are received.

*Grantee Response:* The Sheriff has instituted procedures for disbursing federal funds in a timely manner to ensure compliance with cash management requirements.

98-3 Cops More Grant - CFDA 16.710

*Condition and Criteria:* The St. Tammany Parish Sheriff did not timely submit a progress report for the grant year ended December 31, 1997. The Cops More grant award letter and the Cops More Grant Manual require this report to be filed for each year of the grant.

*Effect:* The Sheriff was late in filing the progress report as required by grant manual.

*Cause:* The grant was made with provisions for a third party to prepare this report. This third party prepared and submitted this report in an untimely fashion.

*Auditor's Recommendation:* The Sheriff should file this report as soon as possible.

*Grantee's Response:* The Sheriff has subsequently filed this report and will see that all required future reports are filed in a timely manner.

98-4 Cops More Grant - CFDA 16.710

*Condition and Criteria:* The Sheriff has not adequately monitored the activities of subrecipients and has paid grant requests which were not properly supported. All of the subrecipients to the Sheriff's grant are other municipal police agencies within the parish. In one instance, a subrecipient submitted invoices that did not reconcile to request submitted which resulted in an overpayment to the subrecipient.

*Effect:* Grant reimbursements to subrecipients were not properly supported.

*Cause:* This occurred due to the Sheriff's personnel being unaware of this requirement. The COPS More Grant is a new program and this is the first year that the Sheriff has participated.

ST. TAMMANY PARISH SHERIFF  
St. Tammany Parish, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 1998

*Auditor's Recommendations:* The Sheriff should institute procedures to ensure that payments to subrecipients are adequately supported and that subrecipient activities are monitored.

*Grantee Response:* The Sheriff will institute necessary procedures to ensure proper monitoring of subrecipient grant activities. The noted overpayment was corrected in a subsequent quarter.

**ST. TAMMANY PARISH SHERIFF  
SLIDELL, LOUISIANA**

**Corrective Action Plan for Current Year Audit Findings for the Year Ended June 30, 1998**

**Reference: # 98-1**

**Description of Findings:** *Untimely Submission of EEOP*

**Corrective Action Planned:** Plan was filed 12/22/98 in response to above finding. Human Resource department will update and file on a timely basis from now on.

**Contact Person:** Donna Schlesinger

**Anticipated Completion Date:** 12/22/98

**Reference: # 98-2**

**Description of Findings:** *Timeliness of Cash Disbursements*

**Corrective Action Planned:** Upon confirmation of receipt of funds, the Sheriff's Office will disburse the monies within 5 working days.

**Contact Person:** Karen Nilsson

**Anticipated Completion Date:** Upon reception of 4<sup>th</sup> Quarter payment

**Reference: # 98-3**

**Description of Findings:** *Untimely Submission of Progress Report*

**Corrective Action Planned:** Responsibility for the submission of the Progress Report has been assumed by the Sheriff's Office. Acknowledgement of this responsibility will assure timely submission of these reports.

**Contact Person:** Robin Smith

**Anticipated Completion Date:** Next progress report due date

**Reference: # 98-4**

**Description of Findings:** *Inadequate Monitoring of Subrecipients and Related Documentation.*

**Corrective Action Planned:** Site visits will be performed on each subrecipient on a quarterly basis. The purpose of these visits will be to verify accuracy of reimbursement requests and related documentation.

**Contact Person:** Dwaine Plauche

**Anticipated Completion Date:** Upon reception of 4<sup>th</sup> Quarter 98 reimbursement request

**Reference: # 98-4 Continued**

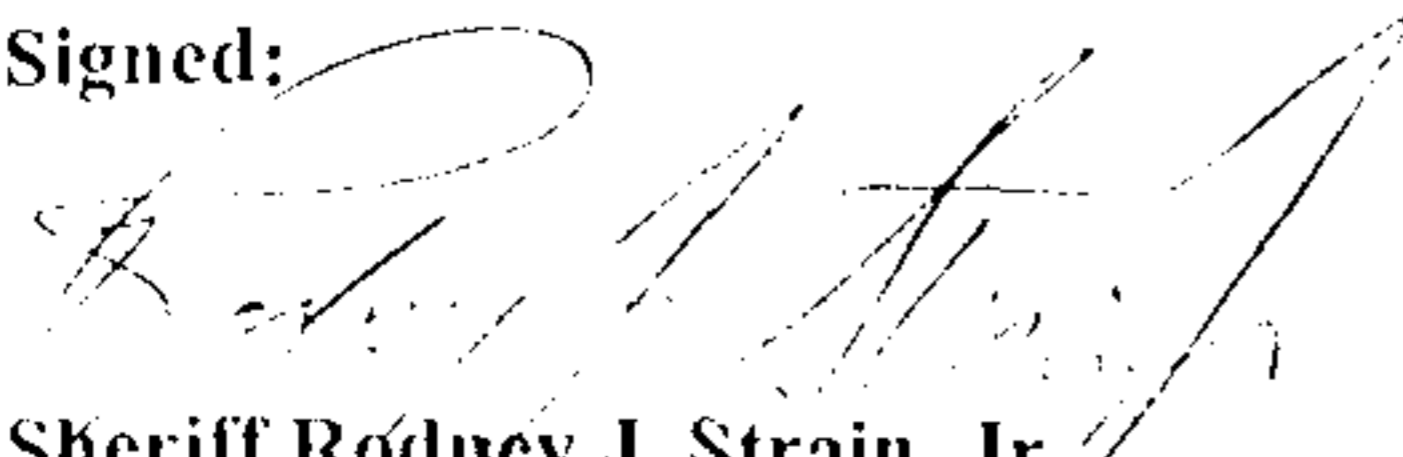
**Description of Findings:** *Nonreconciliation of a Submitted Invoice*

**Corrective Action Planned:** Calculator tape will be run comparing invoices with reimbursement request to verify accuracy.

**Contact Person:** Dwaine Plauche

**Anticipated Completion Date:** Upon reception of 4<sup>th</sup> Quarter 98 reimbursement request

**Signed:**



Sheriff Rodney J. Strain, Jr.