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LEGISLATIVE DIVISION

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

June 30, 1998

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Release Date MAR 03 1999

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## INDEPENDENT AUDITORS' REPORT

THE HONORABLE RODNEY J. STRAIN, JR.  
ST. TAMMANY PARISH SHERIFF AND EX-OFFICIO TAX COLLECTOR  
St. Tammany Parish, Louisiana

We have audited the financial statements of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff as of June 30, 1998, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the St. Tammany Parish Sheriff and Ex-Officio Tax Collector's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 and Ex-officio Tax Collector  
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.

As described in Note A1, the St. Tammany Parish Sheriff is the Ex-Officio Tax Collector for the various taxing bodies within St. Tammany Parish, and the accompanying financial statements present information only on his activities as parish tax collector. Accordingly, the accompanying financial statements are not intended to and do not present the financial position and results of operations of the St. Tammany Parish Sheriff.

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly in all material respects, the assets and liabilities of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff as of June 30, 1998, and the collections and disbursements for the year then ended, in conformity with generally accepted accounting principles.

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

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

November 13, 1998

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

STATEMENT OF ASSETS AND LIABILITIES

June 30, 1998

Assets

Cash and cash equivalents (Note A3)

\$8,492,535

Liabilities

Due to taxing bodies and others

\$8,492,535

The accompanying notes are an integral part of this statement.

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

STATEMENT OF COLLECTIONS, DISTRIBUTIONS  
AND UNSETTLED BALANCES

For the Year Ended June 30, 1998

<u>UNSETTLED BALANCES AT JULY 1, 1997</u>	\$ 8,805,987
<u>COLLECTIONS</u>	
Ad Valorem taxes:	
Current year	65,411,824
Prior year	1,332,995
Angling, hunting, and trapping licenses	851,987
Parish licenses	1,365,019
Sales taxes	88,350,757
Tax notices, penalties, etc.	123,955
State revenue sharing (Note C)	3,682,005
Interest on:	
Sales taxes	144,158
Delinquent taxes	316,730
Investments	522,141
Research and other fees	<u>25,050</u>
Total collections	<u>162,126,621</u>
 SUBTOTAL	 <u>\$170,932,608</u>

The accompanying notes are an integral part of this statement.

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

STATEMENT OF COLLECTIONS, DISTRIBUTIONS  
AND UNSETTLED BALANCES  
(Continued)

For the Year Ended June 30, 1998

SETTLEMENTS

Louisiana Department of Wildlife and Fisheries	\$ 724,323
Louisiana Tax Commission	8,652
Louisiana Forestry Commission	16,188
St. Tammany Parish:	
School Board	76,792,407
Police Jury	26,352,463
Sheriff	12,561,630
Fire Protection Districts	11,626,532
Mosquito Abatement District	1,604,806
Assessor	1,367,884
Recreation Districts	1,911,671
Tourist Commissions	479,408
Library	178,071
Levee District	496
Waterworks Districts	146,431
Sewerage Districts	16,422
Drainage Districts	154,148
Road Lighting	76,433
Municipalities	22,174,557
Florida Parish Juvenile Center	1,220,082
Refunded to taxpayers	1,899,547
Pension funds	1,835,139
Courthouse	397,796
Louisiana Department of Agriculture	4,505
Jail	397,875
Other fees	492,607
Total distributions	<u>162,440,073</u>

UNSETTLED BALANCES AT JUNE 30, 1998

\$ 8,492,535

The accompanying notes are an integral part of this statement.

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

NOTES TO THE FINANCIAL STATEMENTS

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

1. Reporting Entity

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

2. Basis of Accounting

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

3. Cash

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



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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 1998, the Sheriff's Tax Collector Agency Fund has cash (book balances) totaling \$8,805,882. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The Sheriff's tax collector accounts are grouped with those of the Sheriff's general funds for the purpose of securities pledged. At June 30, 1998, the Sheriff has 8,880,201 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$8,780,201 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

NOTE C - STATE REVENUE SHARING FUNDS

The revenue sharing funds provided by Act 550 were distributed as follows:

St. Tammany Parish:

Assessor	\$ 85,807
Police Jury	240,079
School Board	1,721,553
Fire Protection Districts	779,499
Sheriff	390,558
Mosquito Abatement District	101,250
Recreation Districts	51,023
Library	178,071
Water Districts	88,994
Pension funds	<u>45,171</u>
Total	<u>\$3,682,005</u>

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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 And Ex-Officio Tax Collector  
St. Tammany Parish, Louisiana

We have audited the financial statements of the Tax Collector Agency Fund of the St. Tammany Parish Sheriff as of 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, years 2000 *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 the Tax Collector Agency Fund of the 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 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 Tax Collector Agency Fund of the 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.

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

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

November 13, 1998