

Court Exhibit A

From: Kim Owens <kowens@sbsp.net>
To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>

Date: Tuesday, December 22, 2015 10:17AM
Subject: Public Records Request Response

History: ✦ This message has been replied to.

Ms. James,

Attached is the 2004 financial statements for St. Bernard Parish Government that you requested on 12/15/15. Due to the size of the files, I will be sending you a separate email for each year that you requested. If you have any further questions, please do not hesitate contacting my office.

Thank You,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

SBPG 2004.pdf

RECEIVED
LEGISLATIVE AUDITOR
05 JUL - 5 2005

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA
FINANCIAL REPORT
For the Year Ended December 31, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 7-27-05

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2004**

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION - PART I	
Management's Discussion and Analysis.....	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities.....	13
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds:	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets	23
Statement of Cash Flows.....	24
Notes to the Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION - PART II	
<i>Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:</i>	
General Fund.....	54
Public Works.....	55
Garbage District No. 1	56
Consolidated Fire Protection District No. 1-2.....	57
Library	58

ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2004

Page
Number

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION - PART II (CONTINUED)

Notes to the Required Supplementary Information.....	59
--	----

OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Fund Descriptions.....	60
Combining Balance Sheet.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	74

Nonmajor Enterprise Funds:

Fund Descriptions.....	84
Combining Statement of Net Assets.....	85
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	86
Combining Statement of Cash Flows	87

Internal Service Funds:

Fund Descriptions.....	88
Combining Statement of Net Assets.....	89
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	90
Combining Statement of Cash Flows	91

Schedule of Council Members Compensation	92
--	----

Uniform Financial Reporting Standards for Public Housing Authorities - HUD Financial Data Schedules.....	93
--	----

Schedule of Computation of the Ratio of Net Revenues (Excluding Water and Sewer Districts) to Average Annual Debt Service Requirement of Water and Sewer Revenue Bonds.....	95
---	----

Wireless Emergency 911 Services (Unaudited).....	96
--	----

Schedule of Metered Customers (Unaudited).....	97
--	----

ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2004

Page
Number

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	98
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	100
Schedule of Expenditures of Federal Awards	102
Notes to Schedule of Expenditures of Federal Awards.....	104
Schedule of Findings and Questioned Costs	105
Summary Schedule of Prior Audit Findings	107
Management's Corrective Action Plan	108

FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT

To the St. Bernard Parish Council
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit, St. Bernard Parish Home Mortgage Authority, which represent 2.46 percent, 1.36 percent, and 1.11 percent, respectively, of the assets, net assets, and revenues of the business-type activities of the St. Bernard Parish Government. Those financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2005, on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the result of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 11 and 54 through 59 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Government's basic financial statements. The combining nonmajor and internal service fund financial statements, and the supplemental schedules on pages 60 through 95 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor and internal service fund financial statements and the supplemental schedules on pages 60 through 95 have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Wireless Emergency 911 Service supplementary information on page 96 is not a required part of the basic financial statements but is supplementary information required by the Louisiana Legislative Auditor. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Rebowe & Company

June 24, 2005

REQUIRED SUPPLEMENTARY INFORMATION - PART I

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2004**

As management of the St. Bernard Parish Government (the Parish), we offer readers of the Parish's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2004. We encourage readers to consider the information presented here in conjunction with the Parish's financial statements and the notes to the financial statements.

Management's Discussion and Analysis (MD&A) is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the government-wide data.

Financial Highlights

- The assets of the Parish exceeded its liabilities at the close of the most recent fiscal year by \$89,338,457 (net assets). Of this amount, \$13,737,872 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$865,953 from a total net assets of \$90,204,397 at fiscal year 2003. The change is attributed to an increase in the costs of providing various governmental services including mosquito control, garbage collection, utility expenses, etc. In addition, the Parish incurred more repairs and maintenance costs to buildings, equipment and roads in 2004.
- As of the close of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$15,511,957 a decrease of \$373,782 from the prior year. Approximately \$11,233,145 of this total amount is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,605,529, or 31 percent of total general fund expenditures.
- The Parish's total debt increased by \$47,390,275 (207 percent) during the current fiscal year. The key factor in this increase was the issuance of \$50,000,000 of Sales Tax Bonds, Series 2004 by the Water & Sewer Division. A portion of the proceeds from this issuance was used to defease the remaining balance (\$1,835,000) of the Water & Sewer Division's 1994 Revenue Refunding Bonds.

Overview of the Financial Statements

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

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

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

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

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

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004

The business-type activity of the Parish includes the water and sewerage operations of the Water & Sewer Division and Water Districts (the Division).

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

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

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

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

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

The Parish maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works, Garbage District No. 1, Consolidated Fire Protection No. 1-2, the Library and 2003 Sales Tax Bonds, all of which are considered to be major funds. Data from the other 39 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic financial governmental fund financial statements can be found on pages 12-20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Division, which is considered to be a major fund of the Parish. All other District funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The two internal services funds are also combined into a single, aggregated presentation. Individual fund data for the District funds and the internal service funds is provided in the form of *combining statements* elsewhere in the report.

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

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-53.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning variances of budget to actual amounts for the General Fund and all major special revenue funds. Required supplementary information can be found on pages 54-59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, proprietary and internal service funds are presented *immediately following the required supplementary information*. Combining and individual fund statements and schedules can be found on pages 60-91 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Parish, assets exceeded liabilities by \$89,338,457 at the close of the most recent fiscal year.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 30,682,930	\$ 32,346,505	\$ 67,370,341	\$ 17,856,279	\$ 98,053,271	\$ 50,202,784
Capital assets	<u>45,757,261</u>	<u>46,774,975</u>	<u>36,002,314</u>	<u>35,056,143</u>	<u>81,759,575</u>	<u>81,831,118</u>
Total assets	<u>76,440,191</u>	<u>79,121,480</u>	<u>103,372,655</u>	<u>52,912,422</u>	<u>179,812,846</u>	<u>132,033,902</u>
Long-term liabilities outstanding	10,133,711	10,204,932	60,172,139	12,710,643	70,305,850	22,915,575
Other liabilities	<u>14,117,826</u>	<u>13,381,529</u>	<u>6,050,713</u>	<u>5,532,401</u>	<u>20,168,539</u>	<u>18,913,930</u>
Total liabilities	<u>24,251,537</u>	<u>23,586,461</u>	<u>66,222,852</u>	<u>18,243,044</u>	<u>90,474,389</u>	<u>41,829,505</u>
Net assets:						
Invested in capital assets, net of related debt	36,009,895	34,148,331	(23,888,717)	23,065,669	12,121,178	57,214,000
Restricted	1,997,541	1,732,005	61,481,866	11,558,564	63,479,407	13,290,569
Unrestricted	<u>14,181,218</u>	<u>19,654,683</u>	<u>(443,346)</u>	<u>45,145</u>	<u>13,737,872</u>	<u>19,699,828</u>
Total net assets	<u>\$ 52,188,654</u>	<u>\$ 55,535,019</u>	<u>\$ 37,149,803</u>	<u>\$ 34,669,378</u>	<u>\$ 89,338,457</u>	<u>\$ 90,204,397</u>

A portion of the Parish's net assets (13.6 percent) reflects investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Parish uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Parish's investment in its capital is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Parish's net assets (71 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$13,737,872 may be used to meet government's ongoing obligations to citizens and creditors. The negative balance of *unrestricted net assets* in business-type activities is due to the majority of cash proceeds are restricted for reinvestment into water & sewer capital assets. Also, the cash proceeds of the 2004 Sales Tax Bond, Series 2004 issuance are restricted for capital assets that have not been purchased or constructed. This amount will reduce in future periods as capital assets are acquired and the bond liability is removed.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and other assets	<u>\$ 30,682,917</u>	<u>\$ 32,346,505</u>	<u>\$ 67,370,341</u>	<u>\$ 17,856,279</u>	<u>\$ 98,053,258</u>	<u>\$ 50,202,784</u>
Revenues:						
Program revenues:						
Charges for services	\$ 5,368,383	\$ 5,248,927	\$ 10,239,411	\$ 9,856,531	\$ 15,607,794	\$ 15,105,458
Operating grants and contributions	6,197,976	7,411,514	37,524	121,225	6,235,500	7,532,739
Capital grants and contributions	5,768,118	6,256,470	-	-	5,768,118	6,256,470
General revenues:						
Ad valorem taxes	7,943,499	7,254,294	155,575	136,652	8,099,074	7,390,946
Sales taxes	16,475,650	16,267,799	4,017,448	4,020,794	20,493,098	20,288,593
Other taxes	1,409,871	1,804,499	-	-	1,409,871	1,804,499
Unrestricted grants and investment						
Earnings	1,153,699	515,682	461,179	217,418	1,614,878	733,100
Other general revenues	<u>497,919</u>	<u>1,047,565</u>	<u>125,998</u>	<u>201,710</u>	<u>623,917</u>	<u>1,249,275</u>
Total revenues	<u>44,815,115</u>	<u>45,806,750</u>	<u>15,037,135</u>	<u>14,554,330</u>	<u>59,852,250</u>	<u>60,361,080</u>
Program expenses						
General government	16,706,632	12,167,099	-	-	16,706,632	12,167,099
Public safety	8,776,297	7,049,869	-	-	8,776,297	7,049,869
Public works	15,743,131	15,989,098	-	-	15,743,131	15,989,098
Culture and recreation	3,880,063	4,463,009	-	-	3,880,063	4,463,009
Health and welfare	2,289,741	1,799,208	-	-	2,289,741	1,799,208
Interest on long-term debt	403,623	542,936	1,070,590	723,439	1,474,213	1,266,375
Water and sewer	-	-	<u>11,848,126</u>	<u>11,438,145</u>	<u>11,848,126</u>	<u>11,438,145</u>
Total expenses	<u>47,799,487</u>	<u>42,011,219</u>	<u>12,918,716</u>	<u>12,161,584</u>	<u>60,718,203</u>	<u>54,172,803</u>
Change in net assets	<u>\$ (2,984,372)</u>	<u>\$ 3,795,531</u>	<u>\$ 2,118,419</u>	<u>\$ 2,392,746</u>	<u>\$ (865,953)</u>	<u>\$ 6,188,277</u>

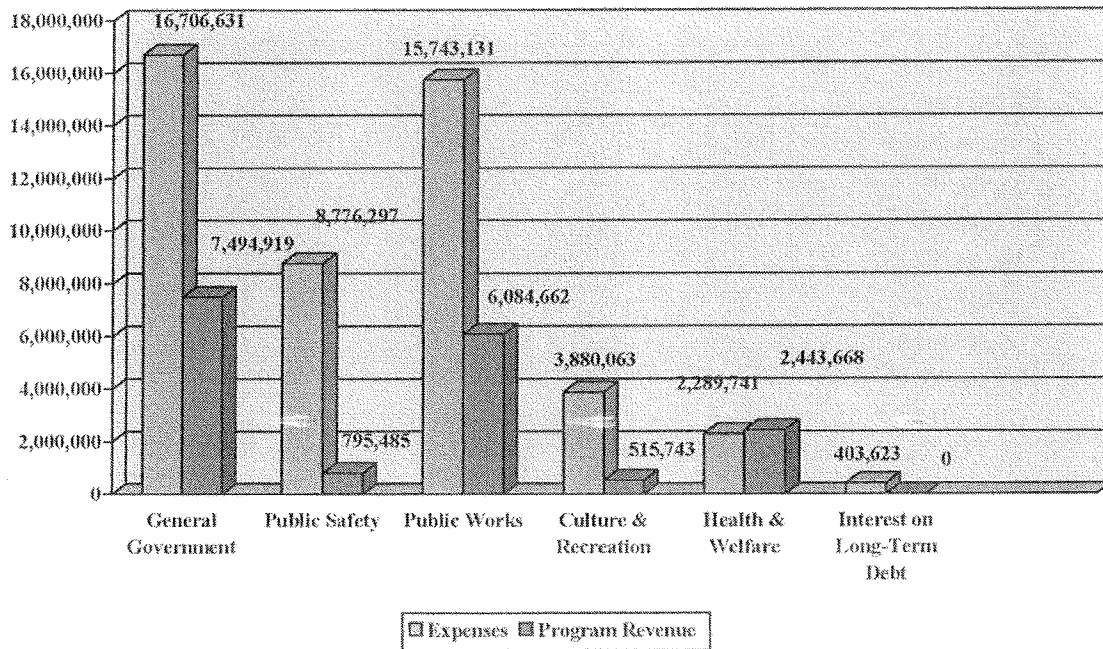
Governmental activities. Governmental activities decreased the St. Bernard Parish Governments net assets by \$(2,984,372) thereby accounting for 100 percent of the total decrease \$(865,953) in the net assets of the St. Bernard Parish Government.

Key elements of this decrease are as follows:

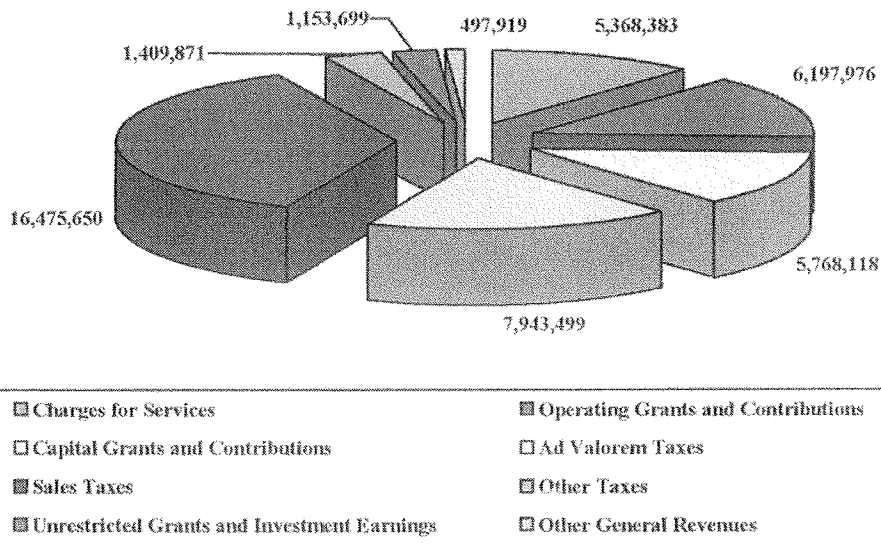
- Rising costs of mosquito abatement and garbage collections.
- Increase in the number of Parish employees and related costs of approximately 20%.
- Increase in pension expense (including the Employer's Contribution Rate for Firefighters Retirement increased to 24%).
- Repairs & maintenance for buildings, equipment and roads increased.
- Decrease in operating and capital grants during 2004 of approximately \$1,000,000.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

Expenses and Program Revenues by Governmental Activities

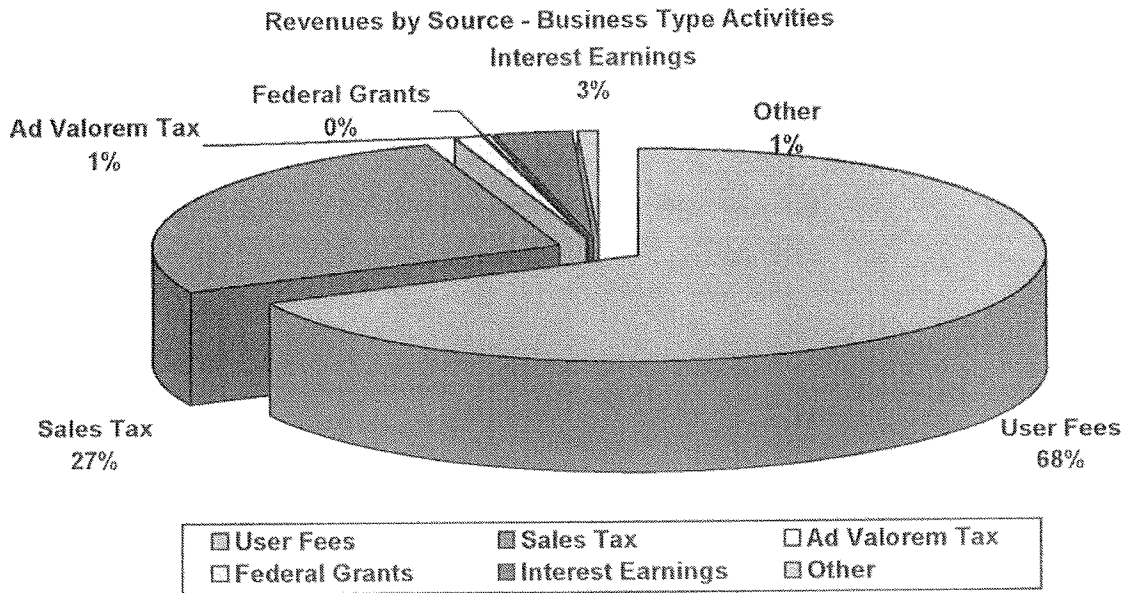
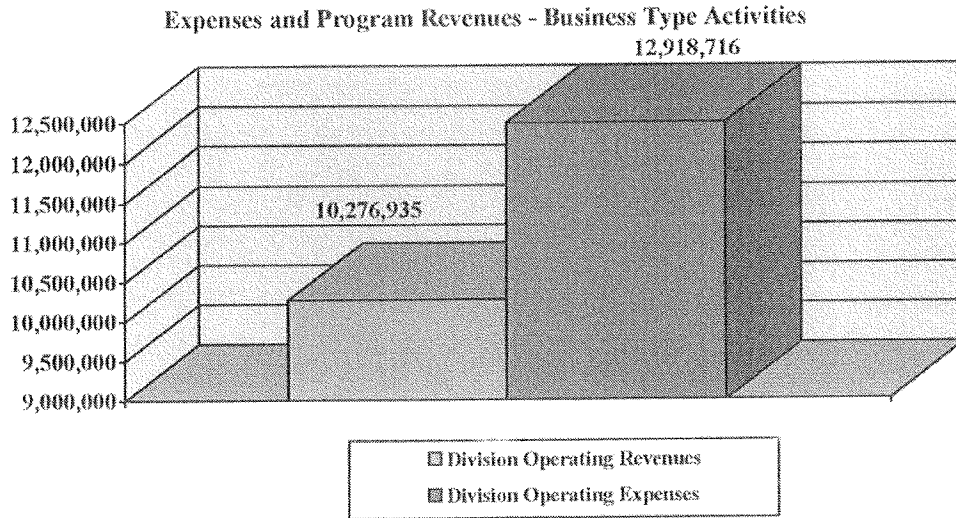


Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the St. Bernard Parish Government's net assets by \$2,480,425. The growth in the business-type activities net assets is approximately \$87,679 more than the previous year's net asset gain due to an increase in interest earned on deposits.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**



Key elements of this increase are as follows:

- Increase in water and sewer fees collected.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$15,511,957, a decrease of \$(373,782) in comparison with the prior year. Approximately two-thirds of this total amount \$11,233,145 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$2,281,271) or 2) to pay debt service (\$1,997,541).

The general fund is the chief operating fund of the Parish. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,605,529, while the total fund balance reached \$2,656,116. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Both unreserved and total fund balance represent approximately 31 percent of total general fund expenditures.

The fund balance of the St. Bernard Parish Government's general fund increased by \$166,023 during the current fiscal year. Key factors in this growth are as follows:

- Sales tax revenues increased by approximately \$200,000 from the prior year.
- The General Fund also experienced increases in several expense line items, including repairs and maintenance and professional services. In addition, capital outlay for the General Fund increased approximately \$140,000.

The debt service funds have total combined fund balances of \$1,997,542, of which all but \$181,444 is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service funds was \$21,388.

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

Unrestricted net assets of the Water and Sewer Division and the Districts at the end of the year amounted to \$(443,346). The total growth in net assets was \$2,962,497. The increase was marginally higher than the previous year due to the marginal increase in fees collected. Conversely, operating expenses increased from the previous year and fewer grant revenues were received in the current year. Other factors concerning the finances of this fund have already been addressed in the discussion of the Division's business-type activities.

General and Special Revenue Funds Budgetary Highlights

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

- Actual sales tax revenues exceeded projected receipts by \$1,469,433.
- Road royalty revenues decreased by \$460,000 from the previous year. However, road royalty revenues are much larger than in prior years due to the Parish's portion of new mineral leases that began in 2003.

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

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

Capital Asset and Debt Administration

Capital assets. The Parish's investment in capital assets for its governmental and business type activities as of December 31, 2004, amounts to \$81,759,575 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; furniture and fixtures; machinery and equipment; bridges; water and sewerage systems; canals and roads.

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

- Proceeds from the 2003 Sales Tax Bonds continues to be used to purchase capital assets and invest in capital improvement projects. Approximately \$1,300,000 of bond proceeds remains for ongoing construction projects at December 31, 2004.
- The Parish issued \$50,000,000 Sales Tax Bond, Series 2004 in August 2004. These funds are being used for various water & sewer capital improvements, including the construction of a new water plant.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Land	\$ 5,300,089	\$ 5,300,089	\$ 177,286	\$ 177,286	\$ 5,477,375	\$ 5,477,375
Land improvements	12,791	7,362	-	-	12,791	7,362
Buildings and improvements	28,230,689	27,635,674	61,433,091	57,442,490	89,663,780	85,078,164
Furniture, fixtures and equipment	2,724,176	2,459,125	149,034	124,667	2,873,210	2,583,792
Machinery and equipment	9,501,343	8,514,453	1,394,063	1,293,245	10,895,406	9,807,698
Road system	60,206,922	56,892,967	-	-	60,206,922	56,892,967
Bridges	1,583,445	1,583,445	-	-	1,583,445	1,583,445
Pipeline system	-	-	57,909,875	57,909,875	57,909,875	57,909,875
Construction in progress	819,598	4,289,159	7,595,035	8,868,323	8,414,633	13,157,482
Total capital assets	108,379,053	106,682,274	128,658,384	125,815,886	237,037,437	232,498,160
Less: accumulated depreciation	62,621,792	59,907,299	92,656,070	90,759,743	155,277,862	150,667,042
Total capital assets, net	\$ 45,757,261	\$ 46,774,975	\$ 36,002,314	\$ 35,056,143	\$ 81,759,575	\$ 81,831,118

Long-term debt. At the end of the current fiscal year, the Parish had total debt outstanding of \$70,305,850. Of this amount, \$2,965,000 comprises debt backed by the full faith and credit of the government and \$76,345 is special assessment debt for which the government is liable in the event of default by the property owners subject to assessment. The remainder of the Parish's debt (\$66,187,365) represents bonds secured solely by specified revenue sources (i.e., revenue bonds) and compensated absences of \$1,077,140.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2004**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 2,795,000	\$ 3,170,000	\$ 170,000	\$ 350,000	\$ 2,965,000	\$ 3,520,000
Certificates of indebtedness	310,000	405,000	-	-	310,000	405,000
Sales tax bonds	6,070,000	6,610,000	59,838,132	8,740,000	65,908,132	15,350,000
Special assessment bonds	76,345	114,517	-	-	76,345	114,517
Revenue bonds	-	-	740,000	3,500,000	740,000	3,500,000
Total	\$ 9,251,345	\$10,299,517	\$ 60,748,132	\$ 12,590,000	\$ 69,999,477	\$ 22,889,517

The St. Bernard Parish Government's total long-term debt, including compensated absences of \$1,077,140, increased by \$47,390,275 (206 percent) during the current fiscal year. The key factor in this increase was a \$50,000,000 Sales Tax Bond, Series 2004 issued for the Division in August 2004 to build a new water plant and make other infrastructure improvements. The Parish used part of the bond proceeds to defeased the remaining balance (\$1,745,000) of the Division's 1994 Revenue Bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for general obligation debt for the Parish is \$41,591,114, which is in excess of the Parish's outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Parish is currently 6.1 percent, which is a decrease from a rate of 6.7 percent in June 2004. This approximates the change in the state's unemployment rate and the national average rate.
- All property within the Parish was reassessed as of January 1, 2004. The Parish under state statutes were required to rollback all property assessments and would have to get the vote of the public to roll forward. The Parish did not roll forward. The impact of not rolling forward was approximately a decrease in property assessments of \$375,000.
- The Water and Sewer Division has not increased rates since 1997 and did not propose a rate increase for 2005.
- A new Super Walmart Center will open in June of 2005. The Parish expects to see an increase in sales tax for 2005.

All of these factors were considered in preparing the Parish's budget for the 2005 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to \$2,605,529. The Parish has appropriated \$235,076 of this amount for spending in the 2005 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2005 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

	Primary Government			Component Unit Home Mortgage Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 13,116,820	\$ 783,937	\$ 13,900,757	\$ 505,317
Investments	2,396,956	-	2,396,956	-
Receivables (net of allowances for uncollectibles)				
Sales taxes	2,909,242	-	2,909,242	-
Ad valorem taxes	7,371,948	-	7,371,948	-
Beer and tobacco taxes	19,024	-	19,024	-
Cable franchise fees	144,585	-	144,585	-
Customer	-	1,628,075	1,628,075	-
Intergovernmental	1,246,537	41,398	1,287,935	-
Other	1,751,505	-	1,751,505	-
Unbilled charges	-	858,396	858,396	-
Due from other funds	1,514,581	67,482	1,582,063	-
Prepays	114,758	25,130	139,888	-
Inventory	-	201,645	201,645	-
Deferred special assessments	95,254	-	95,254	-
Restricted assets - cash and cash equivalents	-	63,620,991	63,620,991	-
Restricted assets - receivables	-	143,287	143,287	-
Other assets	1,720	-	1,720	-
Capital assets (net of accumulated depreciation)	45,757,261	36,002,314	81,759,575	-
Total assets	<u>76,440,191</u>	<u>103,372,655</u>	<u>179,812,846</u>	<u>505,317</u>
LIABILITIES				
Cash overdraft	7,885,453	-	7,885,453	-
Accounts payable	2,572,390	1,176,995	3,749,385	-
Claims payable	2,694,023	868,252	3,562,275	-
Retainage payable	88,146	388,133	476,279	-
Salaries and payroll deductions payable	502,269	85,855	588,124	-
Payable from restricted assets	-	1,416,873	1,416,873	-
Due to other funds	67,482	1,514,581	1,582,063	-
Deferred revenues	180,851	-	180,851	-
Accrued interest payable	127,212	600,024	727,236	-
Non-current liabilities:				
Due within one year	2,057,385	1,856,108	3,913,493	-
Due in more than one year	8,076,326	58,316,031	66,392,357	-
Total liabilities	<u>24,251,537</u>	<u>66,222,852</u>	<u>90,474,389</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	36,009,895	(23,888,717)	12,121,178	-
Restricted for:				
Debt service	1,997,541	54,258,552	56,256,093	-
Other purposes	-	7,223,314	7,223,314	-
Unrestricted	14,181,218	(443,346)	13,737,872	505,317
Total net assets	<u>\$ 52,188,654</u>	<u>\$ 37,149,803</u>	<u>\$ 89,338,457</u>	<u>\$ 505,317</u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Judicial	\$ 1,688,152	\$ 370,623	\$ -	\$ -
Finance and administration	2,230,178	-	-	-
Other general government	12,788,302	3,955,232	3,074,341	94,723
Public safety	8,776,297	23,114	772,371	-
Public works	15,743,131	177,181	234,086	5,673,395
Cultural and recreation	3,880,063	304,285	211,458	-
Health and welfare	2,289,741	537,948	1,905,720	-
Interest on long-term debt	403,623	-	-	-
Total governmental activities	<u>47,799,487</u>	<u>5,368,383</u>	<u>6,197,976</u>	<u>5,768,118</u>
Business-type activities:				
Water and sewer	11,848,126	10,239,411	37,524	-
Interest on long-term debt	1,070,590	-	-	-
Total business-type activities	<u>12,918,716</u>	<u>10,239,411</u>	<u>37,524</u>	<u>-</u>
Total primary government	<u>\$ 60,718,203</u>	<u>\$ 15,607,794</u>	<u>\$ 6,235,500</u>	<u>\$ 5,768,118</u>
Component unit:				
Home Mortgage Authority	\$ 266,287	\$ 16,096	\$ -	\$ -
Total component unit	<u>\$ 266,287</u>	<u>\$ 16,096</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

 Property

 Sales

 Severance

 E telephone

 Other

Grants and contributions not restricted to specific programs

Investment earnings

Other general revenues

 Total general revenues

Net (expense) revenue before extraordinary item and transfers

Extraordinary Item

Transfer In (Out)

 Change in Net Assets

Net assets - beginning

Net assets - ending

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

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

<u>Governmental Activities</u>	<u>Primary Government Business-type Activities</u>	<u>Total</u>	<u>Component Unit Home Mortgage Authority</u>
\$ (1,317,529)	\$ -	\$ (1,317,529)	\$ -
(2,230,178)	-	(2,230,178)	-
(5,664,006)	-	(5,664,006)	-
(7,980,812)	-	(7,980,812)	-
(9,658,469)	-	(9,658,469)	-
(3,364,320)	-	(3,364,320)	-
153,927	-	153,927	-
(403,623)	-	(403,623)	-
<u>(30,465,010)</u>	<u>-</u>	<u>(30,465,010)</u>	<u>-</u>
-	(1,571,191)	(1,571,191)	-
-	(1,070,590)	(1,070,590)	-
<u>-</u>	<u>(2,641,781)</u>	<u>(2,641,781)</u>	<u>-</u>
<u>\$ (30,465,010)</u>	<u>\$ (2,641,781)</u>	<u>\$ (33,106,791)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,191)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (250,191)</u>
\$ 7,943,499	\$ 155,575	\$ 8,099,074	\$ -
16,475,650	4,017,448	20,493,098	-
750,420	-	750,420	-
430,293	-	430,293	-
229,158	-	229,158	-
883,908	-	883,908	-
269,791	461,179	730,970	4,176
497,919	125,998	623,917	146,912
<u>27,480,638</u>	<u>4,760,200</u>	<u>32,240,838</u>	<u>151,088</u>
(2,984,372)	2,118,419	(865,953)	(99,103)
-	-	-	(120,427)
<u>(361,993)</u>	<u>362,006</u>	<u>13</u>	<u>(773,000)</u>
(3,346,365)	2,480,425	(865,940)	(992,530)
<u>55,535,019</u>	<u>34,669,378</u>	<u>90,204,397</u>	<u>1,497,847</u>
<u>\$ 52,188,654</u>	<u>\$ 37,149,803</u>	<u>\$ 89,338,457</u>	<u>\$ 505,317</u>

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Sales taxes	2,909,242	-	-
Ad valorem taxes	741,046	821,015	821,015
Beer and tobacco taxes	19,024	-	-
Cable franchise fees	144,585	-	-
Intergovernmental	370,144	284,598	65,383
Other	-	1,112,677	421,712
Deferred special assessments	-	-	-
Due from other funds	2,691,117	-	-
Prepays	3,947	4,352	-
Other assets	1,451	-	-
Total assets	<u>\$ 6,880,556</u>	<u>\$ 2,222,642</u>	<u>\$ 1,308,110</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash overdraft	\$ 3,629,806	\$ 868,248	\$ 923,932
Accounts payable	350,835	723,845	270,593
Retainage payable	-	-	-
Salaries and payroll deductions payable	84,965	85,794	13,200
Due to other funds	158,834	544,755	100,385
Deferred revenues	-	-	-
Total liabilities	<u>4,224,440</u>	<u>2,222,642</u>	<u>1,308,110</u>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Encumbrances	50,587	232,341	2,745
Unreserved, designated for:			
Development	-	-	-
Unreserved, undesignated, reported in:			
General fund	2,605,529	-	-
Special revenue funds	-	(232,341)	(2,745)
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>2,656,116</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 6,880,556</u>	<u>\$ 2,222,642</u>	<u>\$ 1,308,110</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>2003 Sales Tax Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 1,921,764	\$ 1,893,141	\$ 5,968,682	\$ 9,783,587
-	2,150,000	-	-	2,150,000
-	-	-	-	2,909,242
2,028,168	1,028,825	-	1,931,879	7,371,948
-	-	-	-	19,024
-	-	-	-	144,585
98,954	-	-	427,458	1,246,537
-	-	-	217,116	1,751,505
-	-	-	95,254	95,254
-	-	111,438	276,994	3,079,549
4,362	-	-	38,186	50,847
-	-	-	269	1,720
<u>\$ 2,131,484</u>	<u>\$ 5,100,589</u>	<u>\$ 2,004,579</u>	<u>\$ 8,955,838</u>	<u>\$ 28,603,798</u>
\$ 1,587,283	\$ -	\$ -	\$ 876,184	\$ 7,885,453
56,096	-	288,287	790,019	2,479,675
-	-	74,511	13,635	88,146
224,821	-	-	93,489	502,269
263,284	-	-	792,935	1,860,193
-	-	-	276,105	276,105
<u>2,131,484</u>	<u>-</u>	<u>362,798</u>	<u>2,842,367</u>	<u>13,091,841</u>
-	-	-	1,997,541	1,997,541
283,976	-	1,455,337	256,285	2,281,271
-	1,500,000	-	-	1,500,000
-	-	-	-	2,605,529
(283,976)	3,600,589	-	1,102,078	4,183,605
-	-	-	1	1
-	-	186,444	2,757,566	2,944,010
-	<u>5,100,589</u>	<u>1,641,781</u>	<u>6,113,471</u>	<u>15,511,957</u>
<u>\$ 2,131,484</u>	<u>\$ 5,100,589</u>	<u>\$ 2,004,579</u>	<u>\$ 8,955,838</u>	<u>\$ 28,603,798</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

Total fund balances at December 31, 2003 - Governmental Funds		\$ 15,511,957
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 108,379,053	
Less accumulated depreciation	<u>(62,621,792)</u>	45,757,261
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		95,254
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(10,133,711)	
Accrued interest payable	<u>(127,212)</u>	(10,260,923)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		<u>1,085,105</u>
Net assets of governmental activities at December 31, 2004		<u>\$ 52,188,654</u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
REVENUES			
Taxes:			
Ad valorem	\$ 821,456	\$ 884,620	\$ 884,620
Sales and use	16,475,650	-	-
Other taxes, penalties, interest, etc.	863,049	-	-
Licenses and permits	1,093,990	-	-
Intergovernmental:			
Federal grants	309,269	161,440	22,581
State funds:			
Parish transportation funds	-	500,713	-
State revenue sharing (net)	51,837	57,440	57,437
Other	47,194	5,172,682	-
Fees, charges, and commissions for services	1,596,251	177,181	-
Fines and forfeitures	9,533	-	-
Use of money and property	(79,108)	(36,749)	(7,575)
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	75,139	45,849	-
Total revenues	<u>21,264,260</u>	<u>6,963,176</u>	<u>957,063</u>
EXPENDITURES			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	2,142,464	-	-
Other general government	6,133,756	-	-
Public safety	-	-	-
Public works	-	5,462,312	5,422,546
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	202,250	706,850	-
Total expenditures	<u>8,478,470</u>	<u>6,169,162</u>	<u>5,422,546</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,785,790</u>	<u>794,014</u>	<u>(4,465,483)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,465,789	146,276	4,565,868
Transfers out	(14,085,556)	(940,290)	(100,385)
Total other financing sources (uses)	<u>(12,619,767)</u>	<u>(794,014)</u>	<u>4,465,483</u>
Net change in fund balances	166,023	-	-
Fund balances - beginning	<u>2,490,093</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,656,116</u>	<u>\$ -</u>	<u>\$ -</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>2003 Sales Tax Bonds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,186,057	\$ 1,090,372	\$ -	\$ 2,076,374	\$ 7,943,499
-	-	-	-	16,475,650
163,897	-	-	430,293	1,457,239
-	-	-	463,552	1,557,542
775,618	-	-	4,670,776	5,939,684
-	-	-	94,723	595,436
52,321	70,700	-	75,541	365,276
-	44,440	374,788	7,323	5,646,427
4,238	7,839	-	479,981	2,265,490
-	17,277	-	319,801	346,611
(40,131)	155,419	65,158	105,971	162,985
-	-	-	28,626	28,626
-	8,384	-	-	8,384
37,474	4,982	-	650,575	814,019
<u>3,179,474</u>	<u>1,399,413</u>	<u>439,946</u>	<u>9,403,536</u>	<u>43,606,868</u>
-	-	-	1,396,458	1,396,458
-	-	-	18,668	2,161,132
-	-	-	3,322,674	9,456,430
7,142,526	-	-	431,169	7,573,695
-	-	2,338,431	725,059	13,948,348
-	481,669	-	3,051,337	3,533,006
-	-	-	2,222,661	2,222,661
-	-	-	1,048,172	1,048,172
-	-	-	418,008	418,008
368,972	122,327	140,154	320,181	1,860,734
<u>7,511,498</u>	<u>603,996</u>	<u>2,478,585</u>	<u>12,954,387</u>	<u>43,618,644</u>
<u>(4,332,024)</u>	<u>795,417</u>	<u>(2,038,639)</u>	<u>(3,550,851)</u>	<u>(11,776)</u>
4,530,482	-	-	5,891,942	16,600,357
(198,458)	-	(167,803)	(1,469,871)	(16,962,363)
<u>4,332,024</u>	<u>-</u>	<u>(167,803)</u>	<u>4,422,071</u>	<u>(362,006)</u>
-	795,417	(2,206,442)	871,220	(373,782)
-	4,305,172	3,848,223	5,242,251	15,885,739
<u>\$ -</u>	<u>\$ 5,100,589</u>	<u>\$ 1,641,781</u>	<u>\$ 6,113,471</u>	<u>\$ 15,511,957</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

Net change in fund balances - total governmental funds	\$ (373,782)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(1,017,714)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(28,626)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	98,343
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(2,024,586)</u>
Change in net assets of governmental activities	<u><u>\$ (3,346,365)</u></u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 721,425	\$ -	\$ 721,425	\$ 3,395,745
Investments	-	-	-	246,956
Customer receivables (net of allowance for doubtful accounts of \$283,060)	1,620,675	-	1,620,675	7,400
Unbilled charges	858,396	-	858,396	-
Grant receivables	41,398	-	41,398	-
Due from other funds	63,702	94,078	157,780	335,303
Prepays	12,290	-	12,290	76,751
Inventory	201,645	-	201,645	-
Restricted Assets:				
Cash and cash equivalents:				
Revenue bond debt service reserve	139,931	-	139,931	-
Revenue bond debt service account	141,193	-	141,193	-
Capital renewal and replacement and system improvements accounts	3,046,441	-	3,046,441	-
Sales tax bond debt service reserve	975,484	-	975,484	-
Sales tax bond debt service account	52,651,414	-	52,651,414	-
Construction fund	1,452,852	-	1,452,852	-
Inflow and infiltration	4,223,656	-	4,223,656	-
Other debt service accounts	-	353,799	353,799	-
Customer meter deposits	636,221	-	636,221	-
Sales tax receivable	-	-	-	-
Ad valorem taxes receivable (net of allowance for doubtful accounts of \$5,655)	-	143,287	143,287	-
Total restricted assets	<u>63,267,192</u>	<u>497,086</u>	<u>63,764,278</u>	<u>-</u>
Total current assets	<u>66,786,723</u>	<u>591,164</u>	<u>67,377,887</u>	<u>4,062,155</u>
Capital assets (net of accumulated depreciation)	<u>36,002,314</u>	<u>-</u>	<u>36,002,314</u>	<u>-</u>
Total assets	<u>102,789,037</u>	<u>591,164</u>	<u>103,380,201</u>	<u>4,062,155</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
LIABILITIES				
<i>Current liabilities:</i>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	1,175,711	-	1,175,711	93,999
Uninsured claims payable	-	-	-	-
Self insurance claims payable	-	-	-	3,562,275
Lease payable	-	-	-	-
Salaries payable	85,855	-	85,855	-
Retainage payable	388,133	-	388,133	-
Due to other funds	1,640,006	68,653	1,708,659	3,780
Total current liabilities	<u>3,289,705</u>	<u>68,653</u>	<u>3,358,358</u>	<u>3,660,054</u>
<i>Current liabilities payable from restricted assets:</i>				
Accounts payable	-	-	-	-
Bonds payable, net of unamortized debt expense	1,575,000	168,181	1,743,181	-
Accrued vacation leave	112,927	-	112,927	-
Accrued interest payable	596,224	3,800	600,024	-
Customer deposits	1,403,573	-	1,403,573	-
Inspection deposits	13,300	-	13,300	-
Retainage payable	-	-	-	-
Total current liabilities payable from restricted assets	<u>3,701,024</u>	<u>171,981</u>	<u>3,873,005</u>	<u>-</u>
<i>Noncurrent liabilities:</i>				
Bonds payable, net of unamortized debt expense	58,316,031	-	58,316,031	-
Total noncurrent liabilities	<u>58,316,031</u>	<u>-</u>	<u>58,316,031</u>	<u>-</u>
Total liabilities	<u>65,306,760</u>	<u>240,634</u>	<u>65,547,394</u>	<u>3,660,054</u>
NET ASSETS				
Invested in capital assets, net of related debt	(23,888,717)	-	(23,888,717)	-
<i>Restricted for:</i>				
Capital renewal and replacement and system improvements	3,682,662	-	3,682,662	-
Debt service	53,908,022	350,530	54,258,552	-
Inflow and infiltration	4,223,656	-	4,223,656	-
Self insurance	-	-	-	402,101
Unrestricted	(443,346)	-	(443,346)	-
Total net assets	<u>\$ 37,482,277</u>	<u>\$ 350,530</u>	<u>37,832,807</u>	<u>\$ 402,101</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(683,004)</u>	
<i>Net assets of business-type activities</i>			<u>\$ 37,149,803</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for service	\$ 9,914,411	\$ -	\$ 9,914,411	\$ 1,463,734
Other operating revenues	125,998	-	125,998	10,074
Total operating revenues	<u>10,040,409</u>	<u>-</u>	<u>10,040,409</u>	<u>1,473,808</u>
OPERATING EXPENSES				
Personal services and related benefits	3,035,238	-	3,035,238	300,368
Utilities	1,371,076	-	1,371,076	-
Contractual services, supplies, and materials	2,876,505	-	2,876,505	-
Professional services	695,910	-	695,910	86,255
Insurance premiums	-	-	-	909,579
Insurance and claims expense	755,569	-	755,569	2,766,074
Depreciation and amortization	1,904,869	10,911	1,915,780	-
Other	231,981	-	231,981	(71)
Total operating expenses	<u>10,871,148</u>	<u>10,911</u>	<u>10,882,059</u>	<u>4,062,205</u>
Operating loss	<u>(830,739)</u>	<u>(10,911)</u>	<u>(841,650)</u>	<u>(2,588,397)</u>
NONOPERATING REVENUES (EXPENSES)				
Sales tax	4,017,448	-	4,017,448	-
Ad valorem tax for debt retirement	-	155,575	155,575	-
Interest earnings:				
Restricted assets	469,580	3,639	473,219	-
Current assets	-	-	-	76,039
Interest expense and bank fees	(1,057,273)	(13,317)	(1,070,590)	-
Federal grants	37,524	-	37,524	-
Deductions from taxes	(160,879)	(4,456)	(165,335)	-
Total nonoperating revenues (expenses)	<u>3,306,400</u>	<u>141,441</u>	<u>3,447,841</u>	<u>76,039</u>
Income (loss) before transfers	2,475,661	130,530	2,606,191	(2,512,358)
Transfers in	362,006	-	362,006	5,700
Transfers out	(5,700)	-	(5,700)	-
Change in net assets	2,831,967	130,530	2,962,497	(2,506,658)
Total net assets - beginning	<u>34,650,310</u>	<u>220,000</u>		<u>2,908,759</u>
Total net assets - ending	<u>\$ 37,482,277</u>	<u>\$ 350,530</u>		<u>\$ 402,101</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(482,072)</u>	
Change in net assets of business-type activities			<u>\$ 2,480,425</u>	

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 9,707,793	\$ -	\$ 9,707,793	\$ 1,459,576
Payments to suppliers	(6,015,445)	-	(6,015,445)	(3,079,402)
Payments to employees	(3,137,746)	-	(3,137,746)	-
Other operating receipts	483,848	-	483,848	10,074
Receipts from and payments for interfund services	(530,025)	-	(530,025)	895,700
Net cash provided (used) by operating activities	<u>508,425</u>	<u>-</u>	<u>508,425</u>	<u>(714,052)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from ad valorem taxes - debt retirement	-	140,794	140,794	-
Payments for deductions for taxes	(160,879)	(4,456)	(165,335)	-
Receipts from sales tax	4,389,834	-	4,389,834	-
Proceeds from federal grants	57,321	-	57,321	-
Acquisition and construction of capital assets	(4,159,694)	-	(4,159,694)	-
Proceeds from issuance of capital debt	50,000,000	-	50,000,000	-
Principal paid on capital debt	(1,661,868)	(180,000)	(1,841,868)	-
Interest paid on capital debt	(576,627)	(17,245)	(593,872)	-
Net cash provided (used) by capital and related financing activities	<u>47,888,087</u>	<u>(60,907)</u>	<u>47,827,180</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	-	(3,019)
Interest on cash management activities	469,580	3,639	473,219	76,039
Net cash provided by investing activities	<u>469,580</u>	<u>3,639</u>	<u>473,219</u>	<u>73,020</u>
Net increase (decrease) in cash and cash equivalents	48,866,092	(57,268)	48,808,824	(641,032)
Cash and cash equivalents - beginning	15,122,525	411,067	15,533,592	4,036,777
Cash and cash equivalents - ending	<u>\$ 63,988,617</u>	<u>\$ 353,799</u>	<u>\$ 64,342,416</u>	<u>\$ 3,395,745</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities Internal Service Fund</u>
Classified as:				
Cash and cash equivalents	\$ 721,425	\$ -	\$ 721,425	\$ 3,395,745
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	139,931	-	139,931	-
Revenue bond debt service account	141,193	-	141,193	-
Capital renewal and replacement and system improvements accounts	3,046,441	-	3,046,441	-
Sales tax bond debt service reserve	975,484	-	975,484	-
Sales tax bond debt service account	52,651,414	-	52,651,414	-
Construction fund	1,452,852	-	1,452,852	-
Inflow and infiltration	4,223,656	-	4,223,656	-
Other debt service accounts	-	353,799	353,799	-
Customer meter deposits	636,221	-	636,221	-
Totals	<u>\$ 63,988,617</u>	<u>\$ 353,799</u>	<u>\$ 64,342,416</u>	<u>\$ 3,395,745</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (830,739)	\$ (10,911)	\$ (841,650)	\$ (2,588,397)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	1,904,869	10,911	1,915,780	-
(Increase) decrease in receivables	108,134	-	108,134	(4,158)
(Increase) decrease in unbilled charges	98,484	-	98,484	-
(Increase) decrease in inventory	(46,982)	-	(46,982)	-
(Increase) decrease in prepaid expenses	(27,693)	-	(27,693)	20,212
(Increase) decrease in due to (from) other funds	(530,025)	-	(530,025)	895,700
Increase (decrease) in accounts payable and other accruals	(244,979)	-	(244,979)	(87,573)
Increase (decrease) in customer deposits	77,356	-	77,356	-
Decrease in self insurance claims payable	-	-	-	1,050,164
Total adjustments	<u>1,339,164</u>	<u>10,911</u>	<u>1,350,075</u>	<u>1,874,345</u>
Net cash provided (used) by operating activities	<u>\$ 508,425</u>	<u>\$ -</u>	<u>\$ 508,425</u>	<u>\$ (714,052)</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Financial Reporting Entity

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criteria are as follows:

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

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

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

The basic financial statements of the Primary Government include all funds and organizations for which the Parish government maintains the accounting records. The organizations for which the Parish government maintains the accounting records are considered part of the primary government and include the Thirty-Fourth Judicial District Criminal Court Fund.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Blended Component Units

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

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

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The statute declared the Commission to be a body politic and political subdivision of the State of Louisiana. It also gave the Commission the power to tax, incur debt, and issue bonds. The powers of the Commission were exercised within the boundaries of St. Bernard Parish. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission was composed of seven members representing the participating entities and assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities. On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the "Division"). The Commission was abolished and the Parish Council assumed all rights, revenues, resources, authority, and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each District retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes. Because the Parish government is the governing board of the Districts, the Districts are considered to be component units of the St. Bernard Parish Government. The Division consists of two water plants that monitor and maintain 110 sewer lift stations. It also operates four sewerage treatment plants, one sewerage oxidation pond, and two sewerage treatment package plants. The Division has 90 employees at December 31, 2004, of which a majority are covered by a collective bargaining agreement which expired July 2004. At December 31, 2004, the St. Bernard Parish Government was still in the process of renegotiating a new agreement.

Discretely Presented Component Unit

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

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. As of March 31, 2004, all bonds of the Authority have been defeased or paid off in full. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

Trustees which is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate audited financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2004.

Related Organizations

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

b) Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

FUND FINANCIAL STATEMENTS:

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

General Fund - The General Fund is the principal fund of the Parish government and is used to account for all activities of the Parish government except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the Parish government. The four special revenue funds reported as major funds in the fund financial statements are as follows:

The *Public Works Fund* is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program). Revenues of this fund are substantially derived from the Parish Transportation Fund, Parish Road Royalty Fund, and a Parish ad valorem tax.

The *Garbage District No. 1 Fund* is used to account for the Parish's garbage collection and disposal system. These services are presently being contracted out to private firms. Revenues are derived from ad valorem taxes, state revenue sharing, and a ½% dedicated sales tax for garbage collection.

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

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

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. The capital projects fund reported as a major fund in the fund financial statements is as follows:

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements are as follows:

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

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the same government or to other governments or not-for-profit associations on a cost reimbursement basis. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus (Continued)

FUND FINANCIAL STATEMENTS (Continued):

“Measurable” means the amount of the transaction can be determined and “available” means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered “measurable” when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

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

d) Budgetary Accounting

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

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

For purposes of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit with maturities less than or equal to one year.

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

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

RESTRICTED ASSETS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

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

INTERFUND RECEIVABLES AND PAYABLES

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

CAPITAL ASSETS

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

CAPITAL ASSETS (Continued)

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

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

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

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

DEFERRED REVENUES

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

LIABILITY FOR CLAIMS AND JUDGMENTS

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

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LIABILITY FOR CLAIMS AND JUDGMENTS (Continued)

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2004.

LONG-TERM DEBT

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

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

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, Versailles Industrial Park Project special assessments, 1996 Public Improvement Bonds, 1997 General Obligation Bonds, and the 2003 Sales Tax Bond issues. The cost of issuance on the 2002 Certificates of Indebtedness of \$7,846 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the Versailles Industrial Park Project special assessments of \$20,000 is amortized using the straight-line method over the 9-year life of the bond. The cost of issuance on the 1996 Public Improvement Bonds of \$35,309 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1997 General Obligation Bonds of \$6,166 is amortized using the straight-line method over the 13-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2004 was \$12,738.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 and 2004 Sales Tax Bond Issues. The cost of issuance on the 1994 Revenue Bond Issue of \$266,655 was amortized using the straight-line method over the 12.3-year life of the bond until it was refunded in August 2004. The remaining unamortized costs of \$43,241 on the 1994 Revenue Bond Issue were deferred and amortized using the straight-line method over the 2 year remaining life of bonds. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The cost of the issuance on the 2004 Sales Tax Bond Issue of \$601,585 is amortized using the straight-line method over the 20-year life of the bond. Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13.5-year life of the bond. The bond premium on the 2004 Sales Tax Bonds of \$1,473,837 is amortized using the straight-line method over the 20-year life of the bond. Total amortization expense for the year ended December 31, 2004 was \$19,453.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

COMPENSATED ABSENCES

Substantially all employees of the Parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. Substantially all employees of the Parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days. All accumulated sick leave lapses upon termination or retirement except as noted below.

The only leave benefits which require accrual under generally accepted accounting principles are for the Parish government fire department and employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

Fire department employees may be paid out for their accrued vacation upon retirement or termination. Reimbursement of annual leave accrual is limited to 1,200 hours. Firefighters can get paid up to 1/3 of their accumulated sick pay upon termination. According to L.R.S. 33:1995, firemen employed by the Parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks. At December 31, 2004, the accrued vacation was \$964,213 for governmental activities.

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2004, the accrued vacation was \$112,927 for business-type activities.

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

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

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

NET ASSETS

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

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

ACCOUNTING ESTIMATES

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgets

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

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

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

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

Adjustments to budgetary basis are included in the financial statements for sales tax revenue, interest income, and deductions by the tax collector that were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Increases in the actual amounts reported in the General Fund were made for \$4,017,448, \$4,515, and \$160,879, respectively.

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

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
REVENUES:				
Civic Auditorium	\$ 230,598	\$ 313,790	\$ 83,192	36.08
Contingency Criminal Court "A"	268,014	311,500	43,486	16.23
Housing Voucher Program	1,401,238	1,480,800	79,562	5.68
Deputy Witness Fee	64,727	75,120	10,393	16.06

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
Public Works	\$ 6,169,162	\$ 5,049,436	\$ 1,119,726	18.15
Consolidated Fire Protection				
District No. 1-2	7,511,498	7,014,783	496,715	6.61
Contingency Criminal Court "A"	134,828	124,800	10,028	7.44
Judicial Court Reporter	375,790	341,239	34,551	9.19
Council on Aging	347,301	256,162	91,139	26.24
Community Development	1,057,619	837,238	220,381	20.84
Recreation	1,659,803	1,538,740	121,063	7.29
Communications	572,709	490,580	82,129	14.34
Urban Mass Transportation Administration	662,105	519,759	142,346	21.50
Deputy Witness Fee	200,058	125,500	74,558	37.27

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$7,885,453 at December 31, 2004.

a) Deposits - Primary Government

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

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

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

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

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

At December 31, 2004, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Cash	<u>\$ 701,001</u>	<u>\$ 68,935,294</u>	<u>\$ -</u>	<u>\$ 69,636,295</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

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

b) Investments - Primary Government

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

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

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

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

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

Investments for the primary government at December 31, 2004, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

	Risk Category			Carrying Amount
	1	2	3	
Certificates of Deposit	<u>\$ 2,150,000</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 2,150,000
Investments not subject to categorization:				
Louisiana Assets Management Pool (LAMP)				<u>246,956</u>
Total				<u>\$ 2,396,956</u>

In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2004 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

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

b) Investments - Primary Government (Continued)

fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

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

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian. Component unit deposits at its year-end are categorized as category 1 of the three levels of credit risk as explained in section (a) of this note above.

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield. No investments were held by the Authority at March 31, 2004.

NOTE 4 - MORTGAGE LOANS RECEIVABLE - Discretely Presented Component Unit

In accordance with the Trust Indenture of the 1991 Single Family Mortgage Revenue Refunding Bonds, the right, title, and interest in the mortgage loans of the 1980 program were transferred to the 1991 program as of March 1, 1991.

In accordance with the Trust Indenture of the 1992 Series B Single Family Mortgage Refunding Bonds and the 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds, the right, title and interest in the remaining mortgage loans of the 1979 program were transferred to the 1992 program as of June 1, 1992. Certain mortgage loans of the 1979 program were sold prior to this date.

Mortgage loans receivable acquired by the Authority from participating mortgage lenders under the 1979 program which were transferred to the 1992 program had a stated rate of 8.375%. The mortgage loans under the 1980 program previously had a stated rate of 11.5%, but after transfer to the 1991 program, had a stated rate of 9.3%. These mortgage loans, which were granted only to residents of St. Bernard Parish, had scheduled maturities of thirty years and were secured by first mortgages on the related real property. Each participating mortgage lender serviced those loans purchased from it by the Authority and received compensation for services rendered. During the year ended March 31, 2004, all outstanding mortgage loans of the 1991 and 1992 programs were sold by the Authority, resulting in a loss on sale of \$117,250. The loss consisted of costs incurred for attorney fees and structuring agent fees.

NOTE 5 - SALES TAX

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

On November 2, 1998, the Citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the sales tax must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damages caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2004**

NOTE 6 - AD VALOREM TAX

Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list as of January 1, 2004. Taxes are due and payable November 15th of each year and become delinquent December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold.

The following is a summary of authorized and levied ad valorem taxes for debt service for the year ended December 31, 2004:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Sewer District No. 2	Variable	.75

NOTE 7 - ALLOWANCE FOR UNCOLLECTIBLES

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

Governmental funds:	
General Fund	\$ 26,094
Public Works	58,356
Garbage District No. 1	58,356
Consolidated Fire Protection District No. 1-2	144,943
Library	32,578
Non-major governmental funds	142,044
Business-type funds:	
Water and Sewer Division	283,060
Nonmajor business-type funds	<u>5,655</u>
Total allowance for uncollectibles	<u>\$ 751,086</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 8 - CAPITAL ASSETS

a) Capital asset activity of the primary government for the year ended December 31, 2004, was as follows:

	<u>12/31/2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2004</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,300,089	\$ -	\$ -	\$ 5,300,089
Construction in progress	<u>4,289,159</u>	<u>367,286</u>	<u>3,836,847</u>	<u>819,598</u>
Total capital assets not being depreciated	<u>9,589,248</u>	<u>367,286</u>	<u>3,836,847</u>	<u>6,119,687</u>
Capital assets being depreciated:				
Land improvements	7,362	5,429	-	12,791
Buildings and building improvements	27,635,674	720,961	125,946	28,230,689
Furniture, fixtures, and equipment	2,459,125	365,353	100,302	2,724,176
Machinery and equipment	8,514,453	986,890	-	9,501,343
Road system	56,892,967	3,313,955	-	60,206,922
Bridges	<u>1,583,445</u>	<u>-</u>	<u>-</u>	<u>1,583,445</u>
Total capital assets being depreciated	<u>97,093,026</u>	<u>5,392,588</u>	<u>226,248</u>	<u>102,259,366</u>
Less accumulated depreciation	<u>59,907,299</u>	<u>2,928,401</u>	<u>213,908</u>	<u>62,621,792</u>
Total capital assets being depreciated, net	<u>37,185,727</u>	<u>2,464,187</u>	<u>12,340</u>	<u>39,637,574</u>
Total governmental activities capital assets, net	<u>\$ 46,774,975</u>	<u>\$ 2,831,473</u>	<u>\$ 3,849,187</u>	<u>\$ 45,757,261</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>8,868,323</u>	<u>3,450,560</u>	<u>4,723,848</u>	<u>7,595,035</u>
Total capital assets not being depreciated	<u>9,045,609</u>	<u>3,450,560</u>	<u>4,723,848</u>	<u>7,772,321</u>
Capital assets being depreciated:				
Buildings	57,442,490	3,990,601	-	61,433,091
Furniture, fixtures, and equipment	124,667	24,367	-	149,034
Machinery and equipment	1,293,245	100,818	-	1,394,063
Pipeline system	<u>57,909,875</u>	<u>-</u>	<u>-</u>	<u>57,909,875</u>
Total capital assets being depreciated	<u>116,770,277</u>	<u>4,115,786</u>	<u>-</u>	<u>120,886,063</u>
Less accumulated depreciation	<u>90,759,743</u>	<u>1,896,327</u>	<u>-</u>	<u>92,656,070</u>
Total capital assets being depreciated, net	<u>26,010,534</u>	<u>2,219,459</u>	<u>-</u>	<u>28,229,993</u>
Total business-type activities capital assets, net	<u>\$ 35,056,143</u>	<u>\$ 5,670,019</u>	<u>\$ 4,723,848</u>	<u>\$ 36,002,314</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 8 - CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

General government:

Judicial	\$ 291,694
Finance and administration	69,046
Other general government	120,352
Public safety	238,389
Public works	1,794,783
Culture and recreation	347,057
Health and welfare	<u>67,080</u>
Total depreciation expense - governmental activities	<u>\$ 2,928,401</u>

Business-type Activities:

Water and sewer	<u>\$ 1,896,327</u>
-----------------	---------------------

NOTE 9 - LONG-TERM DEBT

a) Primary Government

1) Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2004:

	Balance 1/1/2004	Additions	Reductions	Premium/ (Discount)	Balance 12/31/2004	Due Within One Year
Governmental Activities						
Certificates of indebtedness	\$ 405,000	\$ -	\$ (95,000)	\$ -	\$ 310,000	\$ 100,000
Sales tax bonds	6,610,000	-	(540,000)	-	6,070,000	555,000
General obligation bonds	3,170,000	-	(375,000)	-	2,795,000	400,000
Special assessment	114,517	-	(38,172)	-	76,345	38,172
Total per fund financials	<u>10,299,517</u>	-	<u>(1,048,172)</u>	-	<u>9,251,345</u>	<u>1,093,172</u>
Less: deferred issuance costs	<u>(94,585)</u>	-	<u>12,738</u>	-	<u>(81,847)</u>	-
Total bonds payable, net of deferred issuance costs	10,204,932	-	(1,035,434)	-	9,169,498	1,093,172
Compensated absences	-	964,213	-	-	964,213	964,213
Total governmental activities	<u>\$ 10,204,932</u>	<u>\$ 964,213</u>	<u>\$ (1,035,434)</u>	<u>\$ -</u>	<u>\$ 10,133,711</u>	<u>\$ 2,057,385</u>
Business-type Activities						
Revenue bonds	\$ 3,500,000	\$ -	\$ (2,760,000)	\$ -	\$ 740,000	\$ 75,000
Sales tax bonds	8,740,000	50,000,000	(345,000)	1,443,132	59,838,132	1,500,000
General obligation bonds	350,000	-	(180,000)	-	170,000	170,000
Total bonds payable	<u>12,590,000</u>	<u>50,000,000</u>	<u>(3,285,000)</u>	<u>1,443,132</u>	<u>60,748,132</u>	<u>1,745,000</u>
Less: deferred issuance costs	<u>(137,493)</u>	<u>(601,585)</u>	<u>19,453</u>	<u>30,705</u>	<u>(688,920)</u>	<u>(1,819)</u>
Total bonds payable, net of deferred issuance costs	12,452,507	49,398,415	(3,265,547)	1,473,837	60,059,212	1,743,181
Compensated absences	<u>258,136</u>	-	<u>(145,209)</u>	-	<u>112,927</u>	<u>112,927</u>
Total business-type activities	<u>\$ 12,710,643</u>	<u>\$ 49,398,415</u>	<u>\$ (3,410,756)</u>	<u>\$ 1,473,837</u>	<u>\$ 60,172,139</u>	<u>\$ 1,856,108</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

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

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2004:

	Interest Rate	Issue Date	Final Maturity Date	Original Issue	Outstanding
Governmental Activities:					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 310,000
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	6,070,000
1997 General obligation bonds	4.75	12/01/1997	02/01/2010	4,335,000	2,795,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	<u>381,721</u>	<u>76,345</u>
Total governmental activities				<u>12,186,721</u>	<u>9,251,345</u>
Business-type Activities:					
<u>Revenue bonds</u>					
<u>Water and Sewer Division:</u>					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	<u>950,000</u>	<u>740,000</u>
<u>Sales tax bonds</u>					
<u>Water and Sewer Division:</u>					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	9,950,000	8,395,000
2004 Sales tax bonds	4.55	08/01/2004	03/01/2024	<u>50,000,000</u>	<u>50,000,000</u>
Total sales tax bonds				<u>59,950,000</u>	<u>58,395,000</u>
<u>General obligation bonds</u>					
<u>Sewer District No. 2:</u>					
1991 General obligation bonds	6.40-6.65	09/01/1991	03/01/2005	<u>3,295,000</u>	<u>170,000</u>
Total business-type activities				<u>64,195,000</u>	<u>59,305,000</u>
Total all certificates, bonds and special assessments				<u>\$ 76,381,721</u>	<u>\$ 68,556,345</u>

3) Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2005	\$ 2,838,172	\$ 2,259,342	\$ 5,097,514
2006	2,973,173	3,150,271	6,123,444
2007	3,095,000	3,018,544	6,113,544
2008	3,125,000	2,870,413	5,995,413
2009	3,280,000	2,716,157	5,996,157
2010-2014	16,000,000	11,483,978	27,483,978
2015-2019	19,045,000	7,433,567	26,478,567
2020-2024	<u>18,200,000</u>	<u>2,706,626</u>	<u>20,906,626</u>
Total	<u>\$ 68,556,345</u>	<u>\$ 35,638,898</u>	<u>\$ 104,195,243</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

4) Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2004 was \$310,000.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2004 was \$6,070,000.

On December 1, 1997 the 1997 General Obligation Bonds were issued for the purpose of refunding the 1990 General Obligation Bonds. The interest rate on the bonds is 4.75% and the bonds mature on February 1, 2010 with payments due in annual principal installments from \$95,000 to \$540,000. The balance outstanding at December 31, 2004 was \$2,795,000.

On October 24, 1997 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of financing public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. The interest rate on the bonds is 5.23% and the bonds mature on October 1, 2006 with payments due in annual principal installments of \$38,172. The balance outstanding at December 31, 2004 was \$76,345.

5) Proprietary Fund Revenue Bonds

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1994. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. On August 1, 2004, \$1,835,000 of the 1994 Revenue Bonds was defeased.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2004 was \$740,000.

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

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

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

5) Proprietary Fund Revenue Bonds (Continued)

outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2004, was 8.72 to 1.

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

- a) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- b) A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- c) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 2004, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$139,931, \$141,193, and \$3,046,441, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

6) Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2004 was \$8,395,000.

On August 1, 2004, \$50,000,000 of the 2004 Sales Tax Bonds was issued at a premium of \$1,473,837. The interest rate on the bonds is 4.55%, and the bonds mature on March 1, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2004 was \$50,000,000.

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

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

- a) A debt service account with monthly deposits of one-twelfth of the principal falling due on the next principal payment date and one-sixth of the interest falling due on the next interest payment date.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

6) Proprietary Fund Sales Tax Bonds (Continued)

- b) A debt service reserve account equal to the lesser of a) 10% of the original proceeds or b) the maximum principal and interest requirements for any succeeding bond year.

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

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

The Division has established and maintained these accounts, and at December 31, 2004, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$52,651,414, \$975,484, \$4,223,656 and \$1,452,852, respectively. The account balances exceed the minimum requirements of the bond indentures.

7) Proprietary Fund Public Improvement and General Obligation Bonds

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes. The bonds were issued to construct improvements and extensions to the sewerage systems. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2004 was \$170,000.

8) Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2004, the customer meter deposits cash account had a balance of \$636,221 and meter liability of \$1,403,573.

9) Current Year's Defeasance of Debt

On August 1, 2004, the Division issued \$50,000,000 in Sales Tax Bonds, Series 2004 with the interest rate of 4.55% of which a portion was to advance refund \$1,835,000 of outstanding Series 1994 Revenue Refunding Bonds with the interest rate of 4.80-5.20%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Series 1994 Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed.

10) Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2004, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,285,000.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 9 - LONG-TERM DEBT (CONTINUED)

a) Primary Government (Continued)

10) Prior Years' Defeasance of Debt (Continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2004, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,670,000.

b) Discretely Presented Component Unit

The net proceeds obtained from the 1979 and 1980 bond issues were used to establish funds authorized by the Bond Trust Indentures and to purchase eligible mortgage loans secured by first mortgage liens on single family owner-occupied residences from qualified mortgage lenders accepted for participation in the programs by the Authority.

On March 31, 1991, the Authority issued \$4,435,000 in Single Family Mortgage Refunding Bonds with an interest rate of 8% to advance refund \$5,900,000 of outstanding 1980 Series bonds with an interest rate of 10.75%. The 1980 Series bonds have since been retired.

On June 1, 1992, the Authority issued \$11,255,000 in Single Family Mortgage Refunding Bonds, \$200,000 (maturity amount) in 1992 Series B-2 Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in 1992 Series C Single Family Mortgage Revenue Bonds, and \$2,130,000 in 1992 Series B-1 Single Family Mortgage Refunding Bonds to advance refund \$16,470,000 of outstanding 1979 Series bonds with interest rates of 5.87% to 7.5%. The net proceeds of \$13,795,143 (after \$1,621,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,294,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase Government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for those bonds was removed from the financial statements. At March 31, 2004, \$12,825,000 of the defeased bonds were still outstanding.

On June 10, 2003, the Authority defeased the 1992 Series B-2 Single Family Mortgage Refunding Bonds using current financial resources. Government securities were purchased for \$132,116 and deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Series B bonds. The defeasance resulted in an extraordinary loss of \$120,427. Since these bonds were defeased, the liability for these bonds has been removed from the financial statements. At March 31, 2004, \$200,000 of the defeased bonds were still outstanding.

On July 15, 2003, the 1992 Series C Single Family Mortgage Revenue Bonds were called.

During the year ended March 31, 2004, the remaining outstanding bonds of the 1991 Single Family Mortgage Refunding Bonds were paid in full.

During the year ended March 31, 2004, the remaining outstanding bonds of the \$2,130,000 1992 Series B-1 Single Family Mortgage Refunding Bonds were paid in full.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 9 - LONG-TERM DEBT (CONTINUED)

b) Discretely Presented Component Unit (Continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Single Family Mortgage Revenue Bonds: 1992 Program Series C, zero coupon, due 2014 at maturity value of \$3,000,000, discounted to yield approximately 7.65%.	\$ 3,000,000	\$ -	\$ 3,000,000	\$ -	\$ -
Single Family Mortgage Refunding Bonds: 1991 Program, due 1994-20012, 8%	185,445	-	185,445	-	-
1992 Program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately.	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>-</u>
	3,385,445	-	3,385,445	-	\$ -
Less: Bond discount	<u>(1,840,798)</u>	<u>-</u>	<u>(1,840,798)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,544,647</u>	<u>\$ -</u>	<u>\$ 1,544,647</u>	<u>\$ -</u>	<u>-</u>

NOTE 10 - OPERATING LEASES

The Water and Sewer Division ended its lease agreement for a belt press located at the Dravo Wastewater Treatment Plant in February 2004. Total rental expense for the year ended December 31, 2004 was \$10,400. The Water and Sewer Division receives lease income under the following agreements:

<u>Lease</u>	<u>Yearly Income</u>	<u>Lease Period</u>	<u>Beginning Date</u>	<u>Option</u>
Right-of-way agreement	\$ 2,500	10 years	September 1, 1995	Additional 10 year term
Tower lease #1	6,000	5 years	August 9, 1995	3 additional 5 year terms
Tower lease #2	7,200	5 years	June 26, 1996	3 additional 5 year terms
Tower lease #3	13,800	5 years	August 22, 1996	3 additional 5 year terms
Tower lease #4	13,200	5 years	November 19 1998	4 additional 3 year terms
Tower lease #5	12,500	5 years	July 28, 1998	4 additional 3 year terms
Tower lease #6	9,600	5 years	December 23, 1997	4 additional 3 year terms
Tower lease #7	9,000	5 years	September 7, 2004	4 additional 3 year terms

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2004 was \$73,800. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2005	\$ 71,500
2006	51,942
2007	18,000
2008	18,000
2009	<u>12,000</u>
Total	<u>\$ 171,442</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 11 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

a) The composition of due to/from other funds as of December 31, 2004, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Public Works	\$ 422,931
	Garbage District No. 1	100,385
	Consolidated Fire Protection District No. 1-2	198,458
	Water and Sewer Division	1,226,408
	Non-major governmental funds	742,935
2003 Sales Tax Bonds	General Fund	4,788
	Water and Sewer Division	106,650
Water and Sewer Division	General Fund	37,524
	Public Works	26,178
Nonmajor governmental funds	General Fund	116,522
	Public Works	95,646
	Consolidated Fire Protection District No. 1-2	64,826
Nonmajor business-type funds	Water and Sewer Division	25,425
	Nonmajor business-type funds	68,653
Internal service funds	Water and Sewer Division	281,523
	Nonmajor governmental funds	50,000
	Internal service funds	3,780
		<u>\$ 3,572,632</u>

b) The composition of interfund transfers as of December 31, 2004, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Public Works	\$ 422,931
	Garbage District No. 1	100,385
	Consolidated Fire Protection District No. 1-2	198,458
	Non-major governmental funds	744,015
Public Works	General Fund	146,276
Garbage District No. 1	General Fund	4,144,156
	Public Works	421,712
Consolidated Fire Protection District No. 1-2	General Fund	4,525,648
	Non-major governmental funds	4,834
Water and Sewer Division	General Fund	362,006
Nonmajor governmental funds	General Fund	4,907,470
	Public Works	95,647
	2003 Sales Tax Bonds	167,803
	Nonmajor governmental funds	721,022
Internal service funds	Water and Sewer Division	5,700
		<u>\$ 16,968,063</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2004 was \$13,547,608 (which includes a parish payroll of \$10,910,417 and Water and Sewer Division payroll of \$2,637,191).

a) Parochial Employees' Retirement System

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

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.50% of their annual-covered salary. Employer contributions are actuarially determined every fiscal year according to statutory process. The current rate is 11.75% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2004, 2003 and 2002 were \$1,075,827, \$633,557, and \$607,922, respectively, equal to the required contributions for each year. For the year ended December 31, 2004, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$2,637,191. The Water and Sewer Division's contributions to the System for the years ended December 31, 2004, 2003, and 2002 were \$309,870, \$174,313, and \$166,746, respectively, equal to the required contributions for each year.

b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2004, the Parish was paying a rate of 21% of payroll. On July 1, 2004, that rate increased to 24% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2004, 2003, and 2002 were \$930,875, \$737,446, and \$368,482, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 3.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish began contributing to the Plan July 1, 2004. The Parish's contribution to the System for the year ended December 31, 2004 was \$3,998, which is equal to the required contribution for the year.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of year-end, 125 and 26 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

NOTE 14 - SELF INSURANCE / RISK MANAGEMENT

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

a) Governmental Activities

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 14 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

a) Governmental Activities (Continued)

The following represents a reconciliation of total claims liability:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Claims liability at beginning of year	\$ 2,064,033	\$ 2,307,380	\$ 2,621,317
Plus: provision for incurred claims	1,391,390	495,993	123,108
Less: claims paid	<u>(761,400)</u>	<u>(739,340)</u>	<u>(437,045)</u>
Claims liability at end of year	<u>\$ 2,694,023</u>	<u>\$ 2,064,033</u>	<u>\$ 2,307,380</u>

b) Business-type Activities

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

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

The following represents a reconciliation of total claims liability:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Claims liability at beginning of year	\$ 448,078	\$ 692,732	\$ 808,712
Plus: provision for incurred claims	494,778	(123,082)	181,625
Less: claims paid	<u>(74,604)</u>	<u>(121,572)</u>	<u>(297,605)</u>
Claims liability at end of year	<u>\$ 868,252</u>	<u>\$ 448,078</u>	<u>\$ 692,732</u>

NOTE 15 - CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2004, \$1,080 was transferred to the General Fund.

NOTE 16 - ADMINISTRATIVE ORDERS

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

As of December 31, 2004, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2004**

NOTE 16 - ADMINISTRATIVE ORDERS (CONTINUED)

each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2004, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

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

NOTE 18 - JOINT VENTURE

There exists a joint venture between the St. Bernard Parish Government and the St. Bernard Cultural Center, Inc. (Corporation). The Corporation is a nonprofit entity which provides concession services to the St. Bernard Parish Cultural Center. The Corporation was organized on a nonstock basis, and its shareholders, pursuant to RS 12:210, consist of the St. Bernard Parish Manager, Secretary, and Treasurer. A board of directors manages the affairs and business of the Corporation. The Corporation reimburses the Parish government for the cost of Parish employees used to operate concessions. In addition, any profit made is remitted to the Parish government. Following is a condensed financial statement on the Corporation as of December 31, 2004.

	<u>Balance Sheet</u>	
Assets		\$ 14,381
Retained Earnings		\$ 14,381
	<u>Income Statement</u>	
Revenue		\$ 126,768
Less: returns, allowances and cost of goods sold		(14,954)
Gross profit		111,814
Less: expenses		(87,506)
Less: transfers to St. Bernard Parish Government		(85,900)
Net Loss		\$ (61,592)

NOTE 19 - LITIGATION

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

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$587,340 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$202,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2004 for which an amount of liability can be estimated is \$629,000 and is not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES						
Taxes:						
Ad valorem	\$ 821,456	\$ -	\$ 821,456	\$ 692,947	\$ 692,947	\$ 128,509
Sales and use	16,475,650	4,017,448	20,493,098	19,480,665	19,023,665	1,469,433
Other taxes, penalties, interest, etc.	863,049	-	863,049	892,000	868,000	(4,951)
Licenses and permits	1,093,990	-	1,093,990	1,026,400	1,264,115	(170,125)
Intergovernmental revenues:						
Federal grants	309,269	-	309,269	-	147,000	162,269
State funds:						
State revenue sharing (net)	51,837	-	51,837	60,000	60,000	(8,163)
Other	47,194	-	47,194	70,000	70,000	(22,806)
Fees, charges, and commissions for services	1,596,251	-	1,596,251	1,315,500	1,636,900	(40,649)
Fines and forfeitures	9,533	-	9,533	12,000	12,500	(2,967)
Use of money and property	(79,108)	4,515	(74,593)	175,000	36,000	(110,593)
Other revenues	75,139	-	75,139	5,000	77,000	(1,861)
Total revenues	<u>21,264,260</u>	<u>4,021,963</u>	<u>25,286,223</u>	<u>23,729,512</u>	<u>23,888,127</u>	<u>1,398,096</u>
EXPENDITURES						
Current:						
General government:						
Finance and administration	2,142,464	-	2,142,464	1,403,860	1,403,860	(738,604)
Deductions by sales tax collector	-	160,879	160,879	180,000	180,000	19,121
Other general government	6,133,756	-	6,133,756	5,566,908	6,598,700	464,944
Capital outlay	202,250	-	202,250	49,000	330,490	128,240
Total expenditures	<u>8,478,470</u>	<u>160,879</u>	<u>8,639,349</u>	<u>7,199,768</u>	<u>8,513,050</u>	<u>(126,299)</u>
Excess of revenues over expenditures	<u>12,785,790</u>	<u>3,861,084</u>	<u>16,646,874</u>	<u>16,529,744</u>	<u>15,375,077</u>	<u>1,271,797</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,465,789	-	1,465,789	1,696,061	2,339,271	(873,482)
Transfers out	(14,085,569)	-	(14,085,569)	(18,462,762)	(18,595,910)	4,510,341
Total other financing sources (uses)	<u>(12,619,780)</u>	<u>-</u>	<u>(12,619,780)</u>	<u>(16,766,701)</u>	<u>(16,256,639)</u>	<u>3,636,859</u>
Net change in fund balances	166,010	3,861,084	4,027,094	(236,957)	(881,562)	4,908,656
Fund balances - beginning	<u>2,490,093</u>	<u>416,588</u>	<u>2,906,681</u>	<u>1,967,405</u>	<u>2,906,681</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,656,103</u>	<u>\$ 4,277,672</u>	<u>\$ 6,933,775</u>	<u>\$ 1,730,448</u>	<u>\$ 2,025,119</u>	<u>\$ 4,908,656</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 884,620	\$ 761,675	\$ 761,675	\$ 122,945
Intergovernmental revenues:				
Federal grants	161,440	-	50,000	111,440
State funds:				
Parish transportation funds	500,713	584,000	500,000	713
State revenue sharing (net)	57,440	67,000	67,000	(9,560)
Other	5,172,682	1,125,000	3,500,000	1,672,682
Fees, charges, and commissions for services	177,181	87,000	161,000	16,181
Use of money and property	(36,749)	2,400	(15,000)	(21,749)
Other revenues	45,849	4,500	4,500	41,349
Total revenues	<u>6,963,176</u>	<u>2,631,575</u>	<u>5,029,175</u>	<u>1,934,001</u>
EXPENDITURES				
Current:				
Public works	5,462,312	3,945,465	4,421,436	(1,040,876)
Capital outlay	706,850	-	628,000	(78,850)
Total expenditures	<u>6,169,162</u>	<u>3,945,465</u>	<u>5,049,436</u>	<u>(1,119,726)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>794,014</u>	<u>(1,313,890)</u>	<u>(20,261)</u>	<u>814,275</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	146,276	1,313,890	20,261	126,015
Transfers out	(940,290)	-	-	(940,290)
Total other financing sources (uses)	<u>(794,014)</u>	<u>1,313,890</u>	<u>20,261</u>	<u>(814,275)</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 884,620	\$ 761,675	\$ 761,675	\$ 122,945
Other taxes, penalties, interest, etc.	-	1,200	1,200	(1,200)
Intergovernmental revenues:				
Federal grants	22,581	-	-	22,581
State funds:				
State revenue sharing (net)	57,437	68,000	66,000	(8,563)
Use of money and property	(7,575)	9,500	(1,700)	(5,875)
Total revenues	<u>957,063</u>	<u>840,375</u>	<u>827,175</u>	<u>129,888</u>
EXPENDITURES				
Current:				
Public works	5,422,546	5,220,003	5,241,871	(180,675)
Total expenditures	<u>5,422,546</u>	<u>5,220,003</u>	<u>5,241,871</u>	<u>(180,675)</u>
Deficiency of revenues under expenditures	<u>(4,465,483)</u>	<u>(4,379,628)</u>	<u>(4,414,696)</u>	<u>(50,787)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,565,868	4,379,628	4,414,696	151,172
Transfers out	(100,385)	-	-	(100,385)
Total other financing sources (uses)	<u>4,465,483</u>	<u>4,379,628</u>	<u>4,414,696</u>	<u>50,787</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2004

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 2,186,057	\$ 1,885,054	\$ 1,885,054	\$ 301,003
Other taxes, penalties, interest, etc.	163,897	154,000	164,000	(103)
Intergovernmental revenues:				
Federal grants	775,618	333,000	385,000	390,618
State funds:				
State revenue sharing (net)	52,321	65,000	65,000	(12,679)
Other	-	-	-	-
Fees, charges, and commissions for services	4,238	2,500	3,300	938
Use of money and property	(40,131)	5,000	5,000	(45,131)
Other revenues	37,474	20,500	31,800	5,674
Total revenues	<u>3,179,474</u>	<u>2,465,054</u>	<u>2,539,154</u>	<u>640,320</u>
EXPENDITURES				
Current:				
Public safety	7,142,526	6,087,599	6,794,367	(348,159)
Capital outlay	368,972	220,416	220,416	(148,556)
Total expenditures	<u>7,511,498</u>	<u>6,308,015</u>	<u>7,014,783</u>	<u>(496,715)</u>
Deficiency of revenues under expenditures	<u>(4,332,024)</u>	<u>(3,842,961)</u>	<u>(4,475,629)</u>	<u>143,605</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,530,482	3,842,961	4,536,710	(6,228)
Transfers out	(198,458)	-	-	(198,458)
Total other financing sources (uses)	<u>4,332,024</u>	<u>3,842,961</u>	<u>4,536,710</u>	<u>(204,686)</u>
Net change in fund balances	-	-	61,081	(61,081)
Fund balances - beginning	-	-	(61,081)	61,081
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,090,372	\$ 876,100	\$ 876,100	\$ 214,272
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	70,700	75,000	75,000	(4,300)
Other	44,440	-	-	44,440
Fees, charges, and commissions for services	7,839	250	250	7,589
Fines and forfeitures	17,277	23,000	23,000	(5,723)
Use of money and property	155,419	50,000	50,000	105,419
Public grants	8,384	7,500	7,500	884
Other revenues	4,982	4,250	4,250	732
Total revenues	<u>1,399,413</u>	<u>1,036,100</u>	<u>1,036,100</u>	<u>363,313</u>
EXPENDITURES				
Current:				
Health and welfare	481,669	851,100	851,100	369,431
Capital outlay	122,327	185,000	185,000	62,673
Total expenditures	<u>603,996</u>	<u>1,036,100</u>	<u>1,036,100</u>	<u>432,104</u>
Excess of revenues over expenditures	795,417	-	-	795,417
Fund balances - beginning	<u>4,305,172</u>	<u>3,295,000</u>	<u>3,295,000</u>	<u>1,010,172</u>
Fund balances - ending	<u>\$ 5,100,589</u>	<u>\$ 3,295,000</u>	<u>\$ 3,295,000</u>	<u>\$ 1,805,589</u>

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

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2004**

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 8,639,349	\$ 8,513,050	\$ 126,299	1.46
Public Works	6,169,162	5,049,436	1,119,726	18.15
Garbage District No. 1	5,422,546	5,241,871	180,675	3.33
Consolidated Fire Protection District No. 1-2	7,511,498	7,014,783	496,715	6.61

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

Governments often adopt budgets on some basis of accounting other than generally accepted accounting principles. Adjustments to budgetary basis are included in the financial statements for sales tax revenue, interest income, and deductions by the tax collector that were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Increases in the actual amounts reported in the General Fund were made for \$4,017,448, \$4,515, and \$160,879, respectively. All other major funds presented do not have any budgetary adjustments and are reported on actual basis.

OTHER SUPPLEMENTAL INFORMATION

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2004**

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Civic Auditorium Fund

This fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center ("Center"). Revenues are derived from fees charged for the use of the Center.

Criminal Court Fund

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

Judicial Court Reporter Fund

This fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

Council on Aging Fund

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

Community Development Fund

This fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

Recreation Fund

This fund is used to account for the maintenance and operations of the recreation facilities within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Road Lighting District No. 1 Fund

This fund is used to account for the maintenance of the lighting facilities of the roads, alleys, and public places within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Workforce Investment Act Fund

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

District Attorney General Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2004**

Special Revenue Funds (Continued)

Health Fund

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

Communications Fund

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

Housing Voucher Program Fund

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

Contingency Criminal Court "A" Fund

This fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Human Resources Fund

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

Urban Mass Transportation Administration Fund

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

Environmental Mitigation Fund

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

Deputy Witness Fee Fund

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

Weatherization Fund

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

Low Income Home Energy Assistance Program Fund

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

Day Care Fund

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

Federal Emergency Management Assistance Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2004**

Debt Service Funds

Debt service funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

Versailles Industrial Park Sinking Fund

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

Bond Reserve 1977 Fund

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

Bond Reserve 1996 Fund

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

2003 Sales Tax Refunding Fund

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

1990 and 1997 General Obligation Bond Fund

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

Public Improvement Bonds Series 1977 and 1999 Fund

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

Public Improvement Bonds Series A, B, C Fund

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

Capital Projects Funds

The capital projects funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for proprietary funds.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2004**

Capital Projects Funds (Continued)

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

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

Urban System Roadway Reconstruction Fund

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

Capital Projects Fund

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

Drainage and Siphon Fund

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

Courthouse Capital Fund

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

Islenos Multipurpose Building Fund

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

911 Communications Construction Fund

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

1990 General Obligation Bond Fund

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

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

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

Road District I Project Bond Fund

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

Drainage Construction Bonds of 1967 and 1982 Fund

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
ASSETS				
Cash and cash equivalents	\$ 47,255	\$ 3,134	\$ 53,044	\$ 290,789
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	253,237
Intergovernmental	-	-	-	-
Other	1,063	12,222	2,833	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	9,742	-	-	-
Prepays	706	-	-	988
Other assets	-	-	-	-
Total assets	<u>\$ 58,766</u>	<u>\$ 15,356</u>	<u>\$ 55,877</u>	<u>\$ 545,014</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	31,095	-	32,188	261,989
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	8,170	-	10,025	775
Due to other funds	-	-	13,664	282,250
Deferred revenues	19,501	-	-	-
Total liabilities	<u>58,766</u>	<u>-</u>	<u>55,877</u>	<u>545,014</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	15,356	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>-</u>	<u>15,356</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 58,766</u>	<u>\$ 15,356</u>	<u>\$ 55,877</u>	<u>\$ 545,014</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ 47,912	\$ -	\$ -	\$ -	\$ -
-	583,773	326,912	-	-
95,727	36,126	17,092	244,052	-
19,200	-	-	-	-
-	-	-	-	-
-	-	-	-	111,251
-	18,976	-	-	3,399
-	-	-	-	-
<u>\$ 162,839</u>	<u>\$ 638,875</u>	<u>\$ 344,004</u>	<u>\$ 244,052</u>	<u>\$ 114,650</u>
\$ -	\$ 507,569	\$ 285,362	\$ 5,817	\$ 45,047
43,650	74,530	51,554	20,541	38,330
-	-	-	-	-
17,257	19,749	-	3,102	16,922
101,932	37,027	7,088	50,000	-
-	-	-	160,847	-
<u>162,839</u>	<u>638,875</u>	<u>344,004</u>	<u>240,307</u>	<u>100,299</u>
-	-	-	-	-
38,177	-	-	-	-
(38,177)	-	-	3,745	14,351
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,745</u>	<u>14,351</u>
<u>\$ 162,839</u>	<u>\$ 638,875</u>	<u>\$ 344,004</u>	<u>\$ 244,052</u>	<u>\$ 114,650</u>

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2004

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
ASSETS				
Cash and cash equivalents	\$ 214,350	\$ 665,868	\$ 95,682	\$ 1,064
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	167,936	-	-	-
Intergovernmental	8,754	-	-	-
Other	-	78,865	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	64,826	1,133
Prepays	1,411	-	1,440	-
Other assets	-	269	-	-
Total assets	\$ 392,451	\$ 745,002	\$ 161,948	\$ 2,197
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	4,830	27,109	39,138	1,332
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	865
Due to other funds	-	-	122,810	-
Deferred revenues	-	-	-	-
Total liabilities	4,830	27,109	161,948	2,197
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	8,618	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	387,621	709,275	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	387,621	717,893	-	-
Total liabilities and fund balances	\$ 392,451	\$ 745,002	\$ 161,948	\$ 2,197

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ 140,605	\$ -	\$ 7,666	\$ 23,250	\$ 3
-	-	-	-	-
3,535	22,172	-	-	-
18,317	29,766	-	4,566	-
-	-	-	-	-
-	34,111	-	49,784	-
10,037	-	-	-	-
-	-	-	-	-
<u>\$ 172,494</u>	<u>\$ 86,049</u>	<u>\$ 7,666</u>	<u>\$ 77,600</u>	<u>\$ 3</u>
\$ -	\$ 2,863	\$ -	\$ -	\$ -
12,428	48,467	-	77,600	-
-	-	-	-	-
7,433	9,191	-	-	-
152,633	25,528	-	-	3
-	-	-	-	-
<u>172,494</u>	<u>86,049</u>	<u>-</u>	<u>77,600</u>	<u>3</u>
-	-	-	-	-
-	3,099	-	-	-
-	(3,099)	7,666	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>7,666</u>	<u>-</u>	<u>-</u>
<u>\$ 172,494</u>	<u>\$ 86,049</u>	<u>\$ 7,666</u>	<u>\$ 77,600</u>	<u>\$ 3</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 1,590,622
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	1,331,858
Intergovernmental	-	-	-	427,458
Other	2,428	29,126	-	198,386
Special assessments:				
Deferred	-	-	-	-
Due from other funds	6,049	-	98	276,994
Prepays	-	1,229	-	38,186
Other assets	-	-	-	269
Total assets	\$ 8,477	\$ 30,355	\$ 98	\$ 3,863,773
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ 8,477	\$ 13,007	\$ -	\$ 868,142
Accounts payable	-	11,505	98	776,384
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	93,489
Due to other funds	-	-	-	792,935
Deferred revenues	-	503	-	180,851
Total liabilities	8,477	25,015	98	2,711,801
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	49,894
Unreserved, undesignated, reported in:				
Special revenue funds	-	5,340	-	1,102,078
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	-	5,340	-	1,151,972
Total liabilities and fund balances	\$ 8,477	\$ 30,355	\$ 98	\$ 3,863,773

(Continued)

Debt Service				
Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ 1	\$ 767	\$ 542,208	\$ 853,433
-	-	-	-	600,021
9,154	-	-	-	-
95,254	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 104,408</u>	<u>\$ 1</u>	<u>\$ 767</u>	<u>\$ 542,208</u>	<u>\$ 1,453,454</u>
\$ 8,042	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
95,254	-	-	-	-
<u>103,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,112	-	767	542,208	1,453,454
-	-	-	-	-
-	-	-	-	-
-	1	-	-	-
-	-	-	-	-
<u>1,112</u>	<u>1</u>	<u>767</u>	<u>542,208</u>	<u>1,453,454</u>
<u>\$ 104,408</u>	<u>\$ 1</u>	<u>\$ 767</u>	<u>\$ 542,208</u>	<u>\$ 1,453,454</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Debt Service			Capital Projects Public Improvement Bond Series D, E, F, G
	Public Improvement Bonds		Total	
	Series 1977 and 1999	Series A, B, C		
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 1,396,409	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	600,021	-
Intergovernmental	-	-	-	-
Other	-	-	9,154	-
Special assessments:				
Deferred	-	-	95,254	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ -	\$ 2,100,838	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	8,042	\$ -
Accounts payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	95,254	-
Total liabilities	-	-	103,296	-
Fund balances:				
Reserved for:				
Debt service	-	-	1,997,541	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	1	-
Capital projects funds	-	-	-	-
Total fund balances	-	-	1,997,542	-
Total liabilities and fund balances	\$ -	\$ -	\$ 2,100,838	\$ -

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>Islenos Multipurpose Building</u>
\$ 764,587	\$ 743,777	\$ -	\$ 1,473,113	\$ -
-	-	-	-	-
9,576	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>774,163</u>	<u>743,777</u>	<u>-</u>	<u>1,473,113</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -
13,635	-	-	-	-
13,635	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>27,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
5,000	201,391	-	-	-
-	-	-	-	-
741,893	542,386	-	1,473,113	-
<u>746,893</u>	<u>743,777</u>	<u>-</u>	<u>1,473,113</u>	<u>-</u>
<u>\$ 774,163</u>	<u>\$ 743,777</u>	<u>\$ -</u>	<u>\$ 1,473,113</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2004

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
ASSETS				
Cash and cash equivalents	\$ -	\$ 174	\$ -	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ 174	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	174	-	-
Total fund balances	-	174	-	-
Total liabilities and fund balances	\$ -	\$ 174	\$ -	\$ -

<u>Capital Projects</u>		
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 2,981,651	\$ 5,968,682
-	-	1,931,879
-	-	427,458
-	9,576	217,116
-	-	95,254
-	-	276,994
-	-	38,186
-	-	269
<u>\$ -</u>	<u>\$ 2,991,227</u>	<u>\$ 8,955,838</u>
\$ -	\$ -	\$ 876,184
-	13,635	790,019
-	13,635	13,635
-	-	93,489
-	-	792,935
-	-	276,105
<u>-</u>	<u>27,270</u>	<u>2,842,367</u>
-	-	1,997,541
-	206,391	256,285
-	-	1,102,078
-	-	1
-	2,757,566	2,757,566
<u>-</u>	<u>2,963,957</u>	<u>6,113,471</u>
<u>\$ -</u>	<u>\$ 2,991,227</u>	<u>\$ 8,955,838</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Special Revenue			
	Civic Auditorium	Criminal Court	Judicial Court Reporter	Council on Aging
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 272,851
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	229,364	8,709	42,113	-
Fines and forfeitures	-	255,272	-	-
Use of money and property	1,234	4,033	(50)	7,784
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>230,598</u>	<u>268,014</u>	<u>42,063</u>	<u>280,635</u>
EXPENDITURES				
Current:				
General government:				
Judicial	-	134,828	367,620	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	347,301
Culture and recreation	584,174	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	(39,612)	-	8,170	-
Total expenditures	<u>544,562</u>	<u>134,828</u>	<u>375,790</u>	<u>347,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(313,964)</u>	<u>133,186</u>	<u>(333,727)</u>	<u>(66,666)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	313,964	-	347,391	348,916
Transfers out	-	(132,864)	(13,664)	(282,250)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>313,964</u>	<u>(132,864)</u>	<u>333,727</u>	<u>66,666</u>
Net change in fund balances	-	322	-	-
Fund balances - beginning	-	15,034	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ 15,356</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 628,992	\$ 352,259	\$ -	\$ -
463,552	-	-	-	-
86,977	5,692	-	2,580,357	-
-	-	-	-	-
-	40,847	22,943	-	-
30,991	-	-	-	-
74,396	48,040	-	-	-
-	-	-	-	-
(1,173)	(12,104)	(5,906)	(3,383)	(905)
-	-	-	-	-
10,668	21,712	-	191,795	-
<u>665,411</u>	<u>733,179</u>	<u>369,296</u>	<u>2,768,769</u>	<u>(905)</u>
-	-	-	-	660,254
-	-	-	-	-
-	-	-	2,760,970	-
-	-	-	-	-
-	-	634,890	-	-
874,191	-	-	-	-
-	1,638,487	-	-	-
-	-	-	-	-
-	-	-	-	-
183,428	21,316	-	11,181	1,595
<u>1,057,619</u>	<u>1,659,803</u>	<u>634,890</u>	<u>2,772,151</u>	<u>661,849</u>
<u>(392,208)</u>	<u>(926,624)</u>	<u>(265,594)</u>	<u>(3,382)</u>	<u>(662,754)</u>
494,140	963,651	272,682	-	677,105
(101,932)	(37,027)	(7,088)	-	-
-	-	-	-	-
<u>392,208</u>	<u>926,624</u>	<u>265,594</u>	<u>-</u>	<u>677,105</u>
-	-	-	(3,382)	14,351
-	-	-	7,127	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,745</u>	<u>\$ 14,351</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
REVENUES				
Taxes:				
Ad valorem	\$ 180,932	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	430,293	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	1,398,985	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	11,751	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	7,426	21,450	2,253	51
Special assessments	-	-	-	-
Other revenues	-	-	-	26,400
Total revenues	<u>200,109</u>	<u>451,743</u>	<u>1,401,238</u>	<u>26,451</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	33,698
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	431,169	-	-
Public works	-	-	-	-
Health and welfare	123,958	-	1,278,428	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	95,000	-	-
Interest and service charges	-	11,494	-	-
Capital outlay	-	35,046	-	-
Total expenditures	<u>123,958</u>	<u>572,709</u>	<u>1,278,428</u>	<u>33,698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,151</u>	<u>(120,966)</u>	<u>122,810</u>	<u>(7,247)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	7,247
Transfers out	-	-	(122,810)	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(122,810)</u>	<u>7,247</u>
Net change in fund balances	76,151	(120,966)	-	-
Fund balances - beginning	<u>311,470</u>	<u>838,859</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 387,621</u>	<u>\$ 717,893</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
179,216	198,986	-	-	-
-	94,723	-	-	-
-	-	-	-	-
-	77,359	-	-	-
-	-	-	64,529	-
(449)	165	223	198	3
-	-	-	-	-
<u>178,767</u>	<u>371,233</u>	<u>223</u>	<u>64,727</u>	<u>3</u>
-	-	-	200,058	-
-	-	-	-	-
-	561,704	-	-	-
-	-	-	-	-
203,735	-	-	-	-
-	-	-	-	-
-	-	-	-	-
47,063	100,401	-	-	-
<u>250,798</u>	<u>662,105</u>	<u>-</u>	<u>200,058</u>	<u>-</u>
<u>(72,031)</u>	<u>(290,872)</u>	<u>223</u>	<u>(135,331)</u>	<u>3</u>
224,664	316,400	-	127,830	-
(152,633)	(25,528)	-	-	(3)
-	-	-	-	-
<u>72,031</u>	<u>290,872</u>	<u>-</u>	<u>127,830</u>	<u>(3)</u>
-	-	223	(7,501)	-
-	-	7,443	7,501	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,666</u>	<u>\$ -</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 1,435,034
Other taxes, penalties, interest, etc.	-	-	-	430,293
Licenses and permits	-	-	-	463,552
Intergovernmental revenues:				
Federal grants	14,137	177,260	12,463	4,654,073
State funds:				
Parish transportation funds	-	-	-	94,723
State revenue sharing (net)	-	-	-	75,541
Other	158	(1)	-	31,148
Fees, charges, and commissions for services	-	-	-	479,981
Fines and forfeitures	-	-	-	319,801
Use of money and property	214	388	(2)	21,450
Special assessments	-	-	-	-
Other revenues	-	-	-	250,575
Total revenues	<u>14,509</u>	<u>177,647</u>	<u>12,461</u>	<u>8,256,171</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	1,396,458
Finance and administration	-	-	-	-
Other general government	-	-	-	3,322,674
Public safety	-	-	-	431,169
Public works	-	-	-	634,890
Health and welfare	19,409	179,414	24,901	3,051,337
Culture and recreation	-	-	-	2,222,661
Debt service:				
Principal	-	-	-	95,000
Interest and service charges	-	-	-	11,494
Capital outlay	1,149	1,149	-	370,886
Total expenditures	<u>20,558</u>	<u>180,563</u>	<u>24,901</u>	<u>11,536,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,049)</u>	<u>(2,916)</u>	<u>(12,440)</u>	<u>(3,280,398)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,049	8,256	12,440	4,120,735
Transfers out	-	-	-	(875,799)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>6,049</u>	<u>8,256</u>	<u>12,440</u>	<u>3,244,936</u>
Net change in fund balances	-	5,340	-	(35,462)
Fund balances - beginning	-	-	-	<u>1,187,434</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 5,340</u>	<u>\$ -</u>	<u>\$ 1,151,972</u>

(Continued)

Debt Service				
Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ -	\$ -	\$ -	\$ 641,340
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,862	-	23	4,126	24,722
28,626	-	-	-	-
-	-	-	-	-
<u>33,488</u>	<u>-</u>	<u>23</u>	<u>4,126</u>	<u>666,062</u>
-	-	-	-	-
-	-	-	-	18,668
-	-	-	-	-
69	-	-	-	-
-	-	-	-	-
-	-	-	-	-
38,172	-	-	540,000	375,000
5,978	-	-	257,072	142,369
-	-	-	-	-
<u>44,219</u>	<u>-</u>	<u>-</u>	<u>797,072</u>	<u>536,037</u>
<u>(10,731)</u>	<u>-</u>	<u>23</u>	<u>(792,946)</u>	<u>130,025</u>
10,527	-	-	931,863	-
-	-	-	-	-
-	-	-	-	-
<u>10,527</u>	<u>-</u>	<u>-</u>	<u>931,863</u>	<u>-</u>
(204)	-	23	138,917	130,025
1,316	1	744	403,291	1,323,429
<u>\$ 1,112</u>	<u>\$ 1</u>	<u>\$ 767</u>	<u>\$ 542,208</u>	<u>\$ 1,453,454</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service			Capital Projects
	Public Improvement Bonds Series 1977 and 1999	Series A, B, C	Total	Public Improvement Bond Series D, E, F, G
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ 641,340	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	33,733	-
Special assessments	-	-	28,626	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>703,699</u>	<u>-</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	18,668	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	69	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	953,172	-
Interest and service charges	-	-	405,419	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>1,377,328</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(673,629)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	942,390	-
Transfers out	(3,225)	(244,148)	(247,373)	(51,316)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>(3,225)</u>	<u>(244,148)</u>	<u>695,017</u>	<u>(51,316)</u>
Net change in fund balances	(3,225)	(244,148)	21,388	(51,316)
Fund balances - beginning	<u>3,225</u>	<u>244,148</u>	<u>1,976,154</u>	<u>51,316</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,542</u>	<u>\$ -</u>

(Continued)

Capital Projects				
Urban System Roadway Reconstruction	Capital Projects	Drainage and Siphon	Courthouse Capital	Islenos Multipurpose Building
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
16,703	-	-	-	-
-	-	-	-	-
-	(23,825)	-	-	-
-	-	-	-	-
10,187	(715)	-	40,733	-
-	-	-	-	-
400,000	-	-	-	-
<u>426,890</u>	<u>(24,540)</u>	<u>-</u>	<u>40,733</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
41,680	48,420	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(62,920)	-	-	-
<u>41,680</u>	<u>(14,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
385,210	(10,040)	-	40,733	-
-	753,817	-	75,000	-
-	-	(179,897)	-	-
-	-	-	-	-
<u>-</u>	<u>753,817</u>	<u>(179,897)</u>	<u>75,000</u>	<u>-</u>
385,210	743,777	(179,897)	115,733	-
361,683	-	179,897	1,357,380	-
<u>\$ 746,893</u>	<u>\$ 743,777</u>	<u>\$ -</u>	<u>\$ 1,473,113</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	578	5	-	-
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>578</u>	<u>5</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	1,095	-	-	-
Capital outlay	12,215	-	-	-
Total expenditures	<u>13,310</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,732)</u>	<u>5</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(4,834)	(15,185)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,834)</u>	<u>(15,185)</u>
Net change in fund balances	(12,732)	5	(4,834)	(15,185)
Fund balances - beginning	<u>12,732</u>	<u>169</u>	<u>4,834</u>	<u>15,185</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Capital Projects</u>		
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 2,076,374
-	-	430,293
-	-	463,552
-	16,703	4,670,776
-	-	94,723
-	-	75,541
-	(23,825)	7,323
-	-	479,981
-	-	319,801
-	50,788	105,971
-	-	28,626
-	400,000	650,575
-	<u>443,666</u>	<u>9,403,536</u>
-	-	1,396,458
-	-	18,668
-	-	3,322,674
-	-	431,169
-	90,100	725,059
-	-	3,051,337
-	-	2,222,661
-	-	1,048,172
-	1,095	418,008
-	(50,705)	320,181
-	<u>40,490</u>	<u>12,954,387</u>
-	<u>403,176</u>	<u>(3,550,851)</u>
-	828,817	5,891,942
(95,467)	(346,699)	(1,469,871)
-	-	-
<u>(95,467)</u>	<u>482,118</u>	<u>4,422,071</u>
(95,467)	885,294	871,220
<u>95,467</u>	<u>2,078,663</u>	<u>5,242,251</u>
<u>\$ -</u>	<u>\$ 2,963,957</u>	<u>\$ 6,113,471</u>

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2004**

Water District No. 1

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

Water District No. 2

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

Sewer District No. 1

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

Sewer District No. 2

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2004**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Due from other funds	\$ -	\$ -	\$ 68,653	\$ 25,425	\$ 94,078
Restricted Assets:					
Cash and cash equivalents:					
Other debt service accounts	90,387	121,683	9,930	131,799	353,799
Ad valorem taxes receivable (net of allowance for doubtful accounts of \$5,655)	-	-	-	143,287	143,287
Total restricted assets	<u>90,387</u>	<u>121,683</u>	<u>9,930</u>	<u>275,086</u>	<u>497,086</u>
Total current assets	<u>90,387</u>	<u>121,683</u>	<u>78,583</u>	<u>300,511</u>	<u>591,164</u>
Total assets	<u>90,387</u>	<u>121,683</u>	<u>78,583</u>	<u>300,511</u>	<u>591,164</u>
LIABILITIES					
Current liabilities:					
Due to (from) other funds	68,653	-	-	-	68,653
Total current liabilities	<u>68,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,653</u>
Current liabilities payable from restricted assets:					
Bonds payable, net of unamortized debt expense	-	-	-	168,181	168,181
Accrued interest payable	-	-	-	3,800	3,800
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,981</u>	<u>171,981</u>
Noncurrent liabilities:					
Bonds payable, net of unamortized debt expense	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>68,653</u>	<u>-</u>	<u>-</u>	<u>171,981</u>	<u>240,634</u>
NET ASSETS					
Restricted for:					
Debt service	21,734	121,683	78,583	128,530	350,530
Total net assets	<u>\$ 21,734</u>	<u>\$ 121,683</u>	<u>\$ 78,583</u>	<u>\$ 128,530</u>	<u>\$ 350,530</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
OPERATING EXPENSES					
Amortization	\$ -	\$ -	\$ -	\$ 10,911	\$ 10,911
Total operating expenses	-	-	-	10,911	10,911
Operating loss	-	-	-	(10,911)	(10,911)
NONOPERATING REVENUES (EXPENSES)					
Ad valorem tax for debt retirement	-	-	-	155,575	155,575
Interest earnings:					
Restricted assets	656	1,298	46	1,639	3,639
Interest expense and bank fees	-	-	-	(13,317)	(13,317)
Deductions from taxes	-	-	-	(4,456)	(4,456)
Total nonoperating revenues (expenses)	656	1,298	46	139,441	141,441
Change in net assets	656	1,298	46	128,530	130,530
Total net assets - beginning	21,078	120,385	78,537	-	220,000
Total net assets - ending	\$ 21,734	\$ 121,683	\$ 78,583	\$ 128,530	\$ 350,530

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Receipts from ad valorem taxes - debt retirement	\$ -	\$ -	\$ -	\$ 140,794	\$ 140,794
Payments for deductions for taxes	-	-	-	(4,456)	(4,456)
Principal paid on capital debt	-	-	-	(180,000)	(180,000)
Interest paid on capital debt	-	-	-	(17,245)	(17,245)
Net cash used by capital and related financing activities	-	-	-	(60,907)	(60,907)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash management activities	656	1,298	46	1,639	3,639
Net cash provided by investing activities	656	1,298	46	1,639	3,639
Net increase (decrease) in cash and cash equivalents	656	1,298	46	(59,268)	(57,268)
Cash and cash equivalents - beginning	89,731	120,385	9,884	191,067	411,067
Cash and cash equivalents - ending	<u>\$ 90,387</u>	<u>\$ 121,683</u>	<u>\$ 9,930</u>	<u>\$ 131,799</u>	<u>\$ 353,799</u>
Classified as:					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>90,387</u>	<u>\$ 121,683</u>	<u>\$ 9,930</u>	<u>\$ 131,799</u>	<u>\$ 353,799</u>
Reconciliation of operating income to net cash used by operating activities:					
Operating loss	\$ -	\$ -	\$ -	\$ (10,911)	\$ (10,911)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Amortization	-	-	-	10,911	10,911
Total adjustments	-	-	-	10,911	10,911
Net cash used by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2004**

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

Self Insurance Fund

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

Water & Sewer Self Insurance Fund

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

**ST. BERNARD PARISH GOVERNMENT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2004**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,333,233	\$ 62,512	\$ 3,395,745
Investments	246,956	-	246,956
Receivables, net of allowance	-	7,400	7,400
Due from other funds	231,523	103,780	335,303
Prepays	63,911	12,840	76,751
Total assets	<u>3,875,623</u>	<u>186,532</u>	<u>4,062,155</u>
LIABILITIES			
Accounts payable	92,715	1,284	93,999
Self insurance claims payable	2,694,023	868,252	3,562,275
Due to other funds	3,780	-	3,780
Total liabilities	<u>2,790,518</u>	<u>869,536</u>	<u>3,660,054</u>
NET ASSETS			
Restricted	<u>1,085,105</u>	<u>(683,004)</u>	<u>402,101</u>
Total net assets	<u>\$ 1,085,105</u>	<u>\$ (683,004)</u>	<u>\$ 402,101</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,138,734	\$ 325,000	\$ 1,463,734
Other operating revenues	10,074	-	10,074
Total operating revenues	<u>1,148,808</u>	<u>325,000</u>	<u>1,473,808</u>
OPERATING EXPENSES			
Personal services and related benefits	225,368	75,000	300,368
Professional services	53,031	33,224	86,255
Insurance premiums	784,462	125,117	909,579
Insurance and claims expense	2,198,478	567,596	2,766,074
Other	134	(205)	(71)
Total operating expenses	<u>3,261,473</u>	<u>800,732</u>	<u>4,062,205</u>
Operating loss	<u>(2,112,665)</u>	<u>(475,732)</u>	<u>(2,588,397)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and service charges	88,079	(12,040)	76,039
Total nonoperating revenues (expenses)	<u>88,079</u>	<u>(12,040)</u>	<u>76,039</u>
Loss before transfers	(2,024,586)	(487,772)	(2,512,358)
Transfers in	<u>-</u>	<u>5,700</u>	<u>5,700</u>
Change in net assets	(2,024,586)	(482,072)	(2,506,658)
Total net assets - beginning	<u>3,109,691</u>	<u>(200,932)</u>	<u>2,908,759</u>
Total net assets - ending	<u>\$ 1,085,105</u>	<u>\$ (683,004)</u>	<u>\$ 402,101</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,141,976	\$ 317,600	\$ 1,459,576
Payments to suppliers	(2,664,475)	(414,927)	(3,079,402)
Other operating receipts	10,074	-	10,074
Payments from and payments for interfund services	<u>38,307</u>	<u>857,393</u>	<u>895,700</u>
Net cash provided (used) by operating activities	<u>(1,474,118)</u>	<u>760,066</u>	<u>(714,052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(3,019)	-	(3,019)
Interest on cash management activities	<u>88,079</u>	<u>(12,040)</u>	<u>76,039</u>
Net cash provided (used) by investing activities	<u>85,060</u>	<u>(12,040)</u>	<u>73,020</u>
Net increase (decrease) in cash and cash equivalents	(1,389,058)	748,026	(641,032)
Cash and cash equivalents - beginning	<u>4,722,291</u>	<u>(685,514)</u>	<u>4,036,777</u>
Cash and cash equivalents - ending	<u>\$ 3,333,233</u>	<u>\$ 62,512</u>	<u>\$ 3,395,745</u>
Classified as:			
Cash and cash equivalents	<u>\$ 3,333,233</u>	<u>\$ 62,512</u>	<u>\$ 3,395,745</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (2,112,665)	\$ (475,732)	\$ (2,588,397)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	3,242	(7,400)	(4,158)
Decrease in due from (to) other funds	38,307	857,393	895,700
(Increase) decrease in prepaid expenses	22,590	(2,378)	20,212
Decrease in accounts payable and accruals	(55,582)	(31,991)	(87,573)
Increase in self insurance claims payable	629,990	420,174	1,050,164
Total adjustments	<u>638,547</u>	<u>1,235,798</u>	<u>1,874,345</u>
Net cash provided (used) by operating activities	<u>\$ (1,474,118)</u>	<u>\$ 760,066</u>	<u>\$ (714,052)</u>

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2004**

Joseph S. DiFatta, Jr., Chairman	\$ 7,200
Lynn B. Dean	-
Mark Madary	6,757
Judy Darby Hoffmeister	6,757
Kenneth Henderson	6,757
Craig P. Taffaro, Jr.	6,757
Tony Ricky Melerine	<u>7,200</u>
 Total	 <u>\$ 41,428</u>

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

**ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - HUD FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>SECTION 8 RENTAL VOUCHER</u>
ASSETS:	
CURRENT ASSETS:	
Cash:	
Cash - unrestricted	\$ 95,682
Total Cash	<u>95,682</u>
Accounts Receivable:	
Accounts receivable - PHA projects	-
Total receivables, net of allowance for doubtful accounts	<u>-</u>
Due from other Funds	<u>64,826</u>
Current Investments:	
Prepaid expenses	<u>1,440</u>
TOTAL CURRENT ASSETS	<u>161,948</u>
NONCURRENT ASSETS:	
Fixed assets:	
Furniture, equipment & machinery	<u>25,360</u>
Total fixed assets	<u>25,360</u>
TOTAL NONCURRENT ASSETS	<u>25,360</u>
TOTAL ASSETS	<u>\$ 187,308</u>
LIABILITIES AND EQUITY	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable - HUD PHA Program	\$ 39,138
Due to other funds	<u>122,810</u>
TOTAL CURRENT LIABILITIES	<u>161,948</u>
TOTAL LIABILITIES	<u>161,948</u>
EQUITY:	
Investment in general fixed assets	25,360
Undesignated fund balance	<u>-</u>
TOTAL EQUITY	<u>25,360</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 187,308</u>

ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - HUD FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2004

	SECTION 8 RENTAL VOUCHER 14,871
<hr/>	
REVENUE:	
HUD PHA grants	\$ 1,398,985
Investment income - unrestricted	2,253
	<hr/>
TOTAL REVENUE	1,401,238
<hr/>	
EXPENSES:	
Administrative	
Administrative salaries	94,677
Other operating - administrative	4,994
Ordinary maintenance and operations	
Ordinary maintenance and operations - materials and other	5,927
General expenses	
Insurance premiums	4,586
	<hr/>
TOTAL OPERATING EXPENSES	110,184
<hr/>	
EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	1,291,054
	<hr/>
Housing assistance payments	1,168,244
	<hr/>
TOTAL EXPENSES	1,278,428
<hr/>	
OTHER FINANCING USES	
Operating transfers out	(122,810)
	<hr/>
TOTAL OTHER FINANCING USES	(122,810)
<hr/>	
EXCESS OF TOTAL REVENUES OVER TOTAL EXPENSES	-
<i>Calculation From R/E Statement</i>	<i>-</i>
B/S Line 513	25,360
	<hr/>
Fund balance at end of year	\$ 25,360
	<hr/> <hr/>

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COMPUTATION OF THE RATIO OF
NET REVENUES (EXCLUDING WATER AND SEWER DISTRICTS)
TO AVERAGE ANNUAL DEBT SERVICE REQUIREMENT OF WATER & SEWER REVENUE BONDS
FOR THE YEAR ENDED DECEMBER 31, 2004

Division operating revenues	\$	10,040,409
Add nonoperating revenue - interest earned on current assets		-
Total revenues available		10,040,409
Division operating expenses		10,871,148
Less depreciation and amortization		(1,904,869)
Total adjusted expenses		8,966,279
Net revenues	\$	1,074,130
Average annual debt service requirement	\$	123,248
Ratio of net revenues to average annual debt service requirement		8.72

**ST. BERNARD PARISH GOVERNMENT
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

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

For the year ended December 31, 2004, the Parish received gross tax revenues of \$319,012 for Emergency 911.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2004**

At December 31, 2004, the St. Bernard Parish Government Department of Public Works Water and Sewer Division had 24,738 metered customers.

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the "Parish"), State of Louisiana, as of and for the year ended December 31, 2004, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated June 24, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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, which we have reported to management of the Parish in a separate letter dated June 24, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 04-01 and 04-02.

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

Rebowe & Company

June 24, 2005

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

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

Compliance

We have audited the compliance of the St. Bernard Parish Government (the "Parish"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The Parish's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Parish's management. Our responsibility is to express an opinion on the Parish's compliance based on our audit.

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

In our opinion, the Parish complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud

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

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

Reboue & Company

June 24, 2005

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title I-B	17.258	WIA Grant #10	\$ 735,502
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	596,075
Workforce Investment Act - Dislocated Worker IA - Admin.	17.260	WIA Grant #10	553,492
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	237,356
Workforce Investment Act - Storm Cleanup (Project Isidore/Lili)	17.260	Contract # 601663	292,803
Workforce Investment Act - Storm Cleanup (Project Ivan)	17.260	Contract # 617692	38,438
Workforce Investment Act - Step 45	17.260	CFMS # 610360	86,357
Workforce Investment Act - Find Work.(Project Independence)	17.260	CFMS # 599976	40,334
Total U.S. Department of Labor			2,580,357
U.S. Department of Transportation			
FTA Operating Section 9 Grant	20.507	LA-90-X178	11,698
FTA Operating Section 9 Grant	20.507	LA-90-X190	6,246
FTA Operating Section 9 Grant	20.507	LA-90-X204	200
FTA Operating Section 9 Grant	20.507	LA-90-X211	68,208
FTA Operating Section 9 Grant	20.507	LA-90-X222	41,412
FTA Operating Section 9 Grant	20.507	LA-90-X246	698
FTA Operating Section 9 Grant	20.507	LA-90-X258	56,000
FTA Operating Section 9 Grant	20.507	LA-90-X272	7,446
<i>Pass - Through Louisiana Department of Transportation and Development:</i>			
Patricia Street Reconstruction	20.205	State Project # 742-44-0004	16,703
Total U.S. Department of Transportation			208,611
U.S. Department of Housing and Urban Development			
Section 8 Rental Voucher Program	14.871	2003 - LA187VO	64,826
Section 8 Rental Voucher Program	14.871	2004 - LA187VO	1,334,159
<i>Pass - Through Louisiana Office Community Services</i>			
Emergency Shelter Grants Program	14.231	CFMS # 584119	2,159
Emergency Shelter Grants Program	14.231	CFMS # 598121	10,841
Emergency Shelter Grants Program	14.231	CFMS # 610800	16,300
Total U.S. Department of Housing and Urban Development			1,428,285
U.S. Environmental Protection Agency			
<i>Pass-Through Louisiana Department of Natural Resources</i>			
Restoration and Mitigation Plan for the Environmental Impacts Related to the Mississippi River Gulf Outlet	66.451	DNR 2519-04-02	58,628
Total U.S. Environmental Protection Agency			58,628
U.S. Department of Commerce			
<i>Pass-Through the National Oceanic and Atmospheric Administration</i>			
Coastal Impact Assistance Program Grant	11.419	NA170Z2157	25,667
Total U.S. Department of Commerce			25,667

(Continued)

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Agriculture			
<i>Pass - Through Louisiana Department of Education:</i>			
Family Day Care Home Program	10.558		\$ 177,260
<i>Pass - Through Louisiana Department of Agriculture & Forestry:</i>			
Volunteer Fire Assistance Program	10.664		<u>1,402</u>
Total U.S. Department of Agriculture			<u>178,662</u>
U.S. Federal Emergency Management Agency			
Disaster Public Assistance (Ivan)	97.036	DR-LA-1548	425,536
Hazard Mitigation Grant (Isidore)	97.039	DR-LA-1435-087-0001	21,154
Hazard Mitigation Grant (Isidore)	97.039	DR-LA-1435-087-0002	62,205
Hazard Mitigation Grant (Isidore)	97.039	DR-LA-1435-087-0003	20,029
<i>Pass - Through United Way:</i>			
Emergency Food and Shelter Program	97.024	EFSP 13-3678-00-008	<u>12,463</u>
Total Federal Emergency Management Agency			<u>541,387</u>
U.S. Department of Homeland Security			
<i>Pass-Through Office of Community Oriented Policing Services</i>			
Interoperable Communications Equipment	97.055	2003-EU-T3-0025	223,521
<i>Pass-Through Emergency Preparedness & Response Directorate</i>			
Assistance to Firefighters Grant Program	97.044	EMW-2003-FG-09208	161,654
<i>Pass-Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness</i>			
Domestic Preparedness Equipment Support Program	97.004	2003-TE-TX-0163	73,864
Domestic Preparedness Equipment Support Program	97.004	2003-MU-T3-0022	259,609
Domestic Preparedness Equipment Support Program	97.004	2004-GE-T4-0004	15,310
Emergency Management Program Grant	97.042	EPMG 2004	<u>31,803</u>
Total U.S. Department of Homeland Security			<u>765,761</u>
U.S. Department of Health and Human Services			
<i>Pass - Through Louisiana Housing Finance Agency:</i>			
Low Income Home Energy Assistance Program	93.568	DSS # 04558	14,137
<i>Pass - Through Louisiana Department of Labor:</i>			
Community Services Block Grant	93.569	Subgrant #2003P0081	74,446
Community Services Block Grant	93.569	Subgrant #2004P0081	<u>101,267</u>
Total U.S. Department of Health and Human Services			<u>189,850</u>
Total Expenditures of Federal Awards			<u>\$ 5,977,208</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

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

Workforce Investment Act - Adult -- Title I-B (CFDA No. 17.258)
Workforce Investment Act - Youth Program (CFDA No. 17.259)
Workforce Investment Act (CFDA No. 17.260)
Section 8 Rental Voucher Program (CFDA No. 14.871)
Disaster Public Assistance - Ivan (CFDA No. 97.036)
Domestic Preparedness Equipment Support Program (CFDA No. 97.004)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2004.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2004.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

A - Summary of Auditor's Results

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

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
17.258	Workforce Investment Act - Adult -- Title I-B
17.259	Workforce Investment Act - Youth Program
17.260	Workforce Investment Act
14.871	Section 8 Rental Voucher Program
97.036	Disaster Public Assistance - Ivan
97.004	Domestic Preparedness Equipment Support Program

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. St. Bernard Parish Government did not qualify as a low-risk auditee.
10. A management letter was issued for the year ended December 31, 2004.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004**

B - Findings - Financial Statement Audit

Compliance

Finding 04-01 Budgetary Compliance

Condition - Several instances were noted where revenues and other sources failed to meet projected revenues by more than 5% and where expenditures and other uses exceeded the projected budget by 5% or more. Also, several instances were noted where actual beginning fund balance failed to meet estimated beginning fund balance by 5% or more.

Criteria - The Louisiana Budget Act, Revised Statute 39:1310, requires that the Primary Government amend their budget when total revenue and other sources are failing to meet budgeted revenues and other sources by 5% or more, total expenditures and other uses are exceeding budgeted expenditures and uses by 5% or more, or actual beginning fund balances are failing to meet estimated beginning fund balances by 5% or more.

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

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

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

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

Finding 04-02 Transfers to Sinking Fund

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

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

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

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

Recommendation - The Water and Sewer Division should implement measures to ensure that all required debt transfers are made on or before they are due in accordance with the Bond Agreement.

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

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

There were no findings related to federal awards for the year ended December 31, 2004.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Findings - Financial Statement Audit

Compliance

Finding 03-01 Condition - Several instances were noted where expenditures and other uses exceeded the projected budget by 5% or more. The Louisiana Budget Act, Revised Statute 39:1310, requires that the Primary Government amend their budget when total expenditures and other uses exceed budgeted expenditures and other uses by 5% or more.

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

Current Status – This finding has not been resolved. See current year Finding 04-01.

Finding 03-02 Condition - One instance was noted where the Division was late making required monthly transfers to the sinking fund for the Sales Tax Bonds – Series 1999. The bond agreement requires monthly transfers of 1/6 of the next interest payment and 1/12 of the next principal payment on or before the 20th day of each month. [This finding was also included as Finding 03-1 on the Department of Public Works Water and Sewer Division and the Districts Audit Report.]

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

Current Status – This finding has not been resolved. See current year Finding 04-02.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2004**

Finding 04-1 - Budgetary Compliance

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

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

Implementation Date: January 1, 2005

Contact: Geremie Loupe, Finance Director (504) 278-4255

Finding 04-02 - Transfers to Sinking Fund

Recommendation: The Water and Sewer Division should implement measures to ensure that all required debt transfers are made on or before they are due in accordance with the Bond Agreement.

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

Implementation Date: January 1, 2005

Contact: Geremie Loupe, Finance Director (504) 278-4255

RECEIVED
LEGISLATIVE AUDITOR

05 JUL -5 AM 11:18

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

MEMORANDUM OF ADVISORY COMMENTS

FOR THE YEAR ENDED DECEMBER 31, 2004

TABLE OF CONTENTS

AUDITOR'S REPORT 1

**OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLANS**

1. Post-Employment Benefits Other Than Pensions 2

2. Positive Pay 2

3. Civic Auditorium Receipts 3

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

AUDITOR'S REPORT

To the St. Bernard Parish Council
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Government for the year ended December 31, 2004 and have issued our report thereon dated June 24, 2005. As part of our audit, we considered the Parish's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal control and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Parish's internal control in a separately issued report entitled *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated June 24, 2005.

We will review the status of our findings and recommendations during our next audit engagement. We have already discussed our recommendations with the Administration and have included their corrective action plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company

June 24, 2005

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
DECEMBER 31, 2004**

1. Post-Employment Benefits Other Than Pensions

Observation:

In May 2004, the GASB issued Statement No. 43 *“Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans”*. A related Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* was issued in June 2004. These statements address how state and local governments should account for and report their costs and obligations related to postemployment benefits other than pensions referred to as other postemployment benefits (OPEB). Examples of OPEB include, retiree health insurance, dental, vision, prescription benefits, and life insurance.

The Statements generally would require governments to:

- Measure the cost of benefits, and recognize OPEB expense on the accrual basis of accounting in periods that approximate the employees’ years of service;
- Provide information about the actuarial accrued liabilities for promised benefits associated with past services and whether or to what extent, those benefits have been funded; and
- Provide information useful in assessing potential demands on the employer’s future cash flows.

The Parish will be required to comply with the new accounting standards for the year ending December 31, 2007.

The Parish provides postretirement health care benefits to all retirees who reach the normal retirement age while working for the Parish. Currently, there are 151 retirees under the plan. The above-mentioned accounting statements will have a significant impact on the Parish’s financial statements and potential demands of the Parish’s future cash flows.

Recommendation:

The Finance Department should begin the process of implementing the applicable accounting pronouncement within the prescribed deadline. The Finance Department should also review its current eligibility requirements for retiree health care.

Corrective Action Plan:

The Finance Department will begin obtaining the necessary information needed to implement the requirements of the applicable GASB Accounting Statement. The contact person is Geremie Loupe, Director of Finance, (504) 278-4255.

2. Positive Pay

Observation:

Positive pay is becoming a preferred method of check fraud deterrence. Positive pay entails a daily reconciliation of an issuer’s checks to checks presented for payment to the issuer’s bank to identify potentially fraudulent checks.

Under positive pay, an issuer prepares a formatted-checks issued data file (including check number, amount and date as well as other bank and account information) and transmits this data to its bank. Stop payments, voided checks and manual checks can also be included in the formatted-checks issued file. The bank compares checks received for payment against the record of issued checks. The bank identifies items that do not match the issue amount and check number. The bank may offer additional services to identify checks that exceed certain dollar amounts and “stale” (dated) checks. The bank presents the rejected items to the issuer for its consideration for payment.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2004**

2. Positive Pay (Continued)

Recommendation:

The Government Finance Officers Association (GFOA) recommends that governmental entities use positive pay as the primary check clearance process in banking services agreements. This service should be included as part of an overall program of check fraud protection, including secure file transmission.

The GFOA further recommends that the issuer have specific knowledge of their exposure to loss with both their insurance carrier, if any, and their banking institution. The Parish should discuss these recommended practices with its new fiscal agent.

Corrective Action Plan:

The Finance Department will discuss these recommended practices with its new fiscal agent. The contact person is Geremie Loupe, Director of Finance, (504) 278-4255.

3. Civic Auditorium Receipts

Observations:

Customer payments are being received by various members of the Civic Auditorium's staff. Receipts are not being issued for all payments received. Some payments remain in the Civic Auditorium office without being deposited in a timely manner. There are no procedures in place to ensure that all cash receipts are immediately logged and sent to the Finance Department for deposit. Additionally, "No charge" contracts associated with St. Bernard Parish School functions were not signed. Because of the incomplete contract, it is unclear whether the Parish's or the School Board's insurer would be responsible for claims arising at the event.

Recommendation:

We recommend instituting the following procedures for all cash receipts of the Civic Auditorium. Immediately upon receipt of payment, employees are to record the payment in a duplicating receipt book. One copy of the receipt is given to the customer and the other is retained in the receipt book. The receipt book should be kept in the Civic Auditorium office and will be used to provide detail of the transfer of receipts (customer payments) to the Finance Department for deposit in a timely manner. Additionally, we recommend that contracts be signed by all parties for all events held at the Civic Auditorium.

Corrective Action Plan:

The Finance Department will discuss these recommended practices with the Civic Auditorium. The contact person is Geremie Loupe, Director of Finance, (504) 278-4255.

Court Exhibit B

From: Kim Owens <kowens@sbsp.net>
To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>

Date: Tuesday, December 22, 2015 10:20AM
Subject: Public Records Request Response (2 of 4)

Ms. James,

Attached are the 2005 financial statements for St. Bernard Parish Government per your request dated 12/15/15.

Thank You,

Kim Owens
Executive Assistant to the President
St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or

entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpj.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

SBPG 2005.pdf

2534

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

FINANCIAL REPORT

For the Year Ended December 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 5-16-07

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2005**

Page
Number

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Proprietary Funds:	
Statement of Net Assets.....	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	14
Statement of Cash Flows	15
Notes to the Financial Statements	17

REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	41
Public Works	42
Garbage District No. 1.....	43
Consolidated Fire Protection District No. 1-2.....	44
Library.....	45

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2005**

Page
Number

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Notes to the Required Supplementary Information	46
---	----

OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Fund Descriptions	47
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62

Nonmajor Enterprise Funds:

Fund Descriptions	72
Combining Statement of Net Assets	73
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	74
Combining Statement of Cash Flows	75

Internal Service Funds:

Fund Descriptions	76
Combining Statement of Net Assets	77
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	78
Combining Statement of Cash Flows	79

Schedule of Council Members Compensation	80
--	----

Uniform Financial Reporting Standards for Public Housing Authorities - HUD Financial Data Schedules	81
---	----

Schedule of Computation of the Ratio of Net Revenues (Excluding Water and Sewer Districts) to Average Annual Debt Service Requirement of Water and Sewer Revenue Bonds	83
--	----

Wireless Emergency 911 Services (Unaudited)	84
---	----

Schedule of Metered Customers (Unaudited)	85
---	----

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2005**

Page
Number

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	86
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	87
Schedule of Expenditures of Federal Awards	88
Notes to Schedule of Expenditures of Federal Awards	89
Schedule of Findings and Questioned Costs	90
Summary Schedule of Prior Audit Findings	92
Management's Corrective Action Plan	95

FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. We were not engaged to audit the financial statements of the discretely presented component units, St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court. The St. Bernard Parish Home Mortgage Authority's financial statements reflect total assets of \$468,698, total net assets of \$468,698, and total business-type activities revenue of \$-0-. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements reflect total assets of \$131,561, total net assets of \$129,714, and total governmental activities revenues of \$208,187. The St. Bernard Parish Home Mortgage Authority's financial statements were compiled by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the St. Bernard Home Mortgage Authority, is based on the report of the other auditors. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is based on the report of the other auditors.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses and capital asset balances on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Parish. Certain required disclosures were omitted from the Notes to the Financial Statements as a result of these inadequate records.

We were unable to obtain audit evidence of the activity of the transactions and resulting receivables and payables between funds. As a result, the accuracy and appropriateness of these inter-fund transactions and balances cannot be determined.

We were unable to obtain responses from certain attorneys as they could not be located as a result of displacement due to Hurricane Katrina.

We were unable to obtain written representations from management of the St. Bernard Parish Government as required by auditing standards generally accepted in the United States of America.

As sufficient competent evidential matter was not available to document and support the accompanying financial statements as a result of the issues described above, and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial statements are presented in accordance with generally accepted accounting principles, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2007, on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

St. Bernard Parish Government has not presented Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Budgetary Comparison information and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Government's basic financial statements. The combining non-major and internal service fund financial statements, and the supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the St. Bernard Parish Government. As explained in the sixth paragraph of this report, the scope of our work was not sufficient to enable us to express an opinion on the primary government financial statements. Similarly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Schedule of Federal Awards.

The Wireless Emergency 911 Service supplementary information is not a required part of the basic financial statements but is supplementary information required by the Louisiana Legislative Auditor. We were unable to obtain this information for the year ended December 31, 2005 as a result of the effects of Hurricane Katrina.

Rebowe & Company

April 24, 2007

BASIC FINANCIAL STATEMENTS

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

	Primary Government			Component Unit Judicial Clerk 34th District	Component Unit Home Mortgage Authority
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 17,583,913	\$ 1,253,470	\$ 18,837,383	\$ 127,599	\$ 468,698
Investments	4,595,540	-	4,595,540	-	-
Receivables (net of allowances for uncollectibles)	-	-	-	2,940	-
Sales taxes	5,741,194	-	5,741,194	-	-
Ad valorem taxes	4,969,760	-	4,969,760	-	-
Beer and tobacco taxes	59,299	-	59,299	-	-
Cable franchise fees	212,472	-	212,472	-	-
Customer	-	584,688	584,688	-	-
Intergovernmental	2,043,290	41,398	2,084,688	-	-
Other	878,720	-	878,720	-	-
Unbilled charges	-	1,883,309	1,883,309	-	-
Due from other funds	3,381,614	712,883	4,094,497	-	-
Prepays	73,696	12,290	85,986	-	-
Inventory	-	201,645	201,645	-	-
Deferred special assessments	95,254	-	95,254	-	-
Restricted assets - cash and cash equivalents	-	57,821,507	57,821,507	-	-
Restricted assets - receivables	-	(1,677)	(1,677)	-	-
Other assets	1,720	-	1,720	-	-
Capital assets (net of accumulated depreciation)	45,757,261	36,002,314	81,759,575	1,022	-
Total assets	85,393,733	98,511,827	183,905,560	131,561	468,698
LIABILITIES					
Cash overdraft	9,915,482	-	9,915,482	-	-
Accounts payable	13,460,095	2,739,520	16,199,615	1,847	-
Claims payable	2,694,023	-	2,694,023	-	-
Retainage payable	13,635	-	13,635	-	-
Salaries and payroll deductions payable	(203,301)	-	(203,301)	-	-
Payable from restricted assets	-	1,979,176	1,979,176	-	-
Due to other funds	5,126,094	3,049,626	8,175,720	-	-
Deferred revenues	144,571	-	144,571	-	-
Accrued interest payable	127,212	600,004	727,216	-	-
Non-current liabilities:					
Due within one year	998,173	1,835,000	2,833,173	-	-
Due in more than one year	7,212,366	56,592,139	63,804,505	-	-
Total liabilities	39,488,350	66,795,465	106,283,815	1,847	-
NET ASSETS					
Invested in capital assets, net of related debt	37,546,722	(20,691,725)	16,854,997	1,022	-
Restricted for:					
Debt service	1,424,894	52,157,263	53,582,157	-	-
Other purposes	-	6,689,149	6,689,149	-	-
Unrestricted	6,933,767	(6,438,325)	495,442	128,692	468,698
Total net assets	\$ 45,905,383	\$ 31,716,362	\$ 77,621,745	\$ 129,714	\$ 468,698

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Judicial	\$ 1,458,583	\$ 76,013	\$ -	\$ -
Finance and administration	77,446	-	-	-
Other general government	20,521,412	3,770,856	6,152,447	90,252
Public safety	8,824,978	131,273	156,182	-
Public works	12,776,651	93,856	193,061	5,379,821
Cultural and recreation	3,515,712	291,150	171,186	-
Health and welfare	1,860,602	242,028	1,960,438	-
Interest on long-term debt	403,623	-	-	-
Total governmental activities	<u>49,439,007</u>	<u>4,605,176</u>	<u>8,633,314</u>	<u>5,470,073</u>
Business-type activities:				
Water and sewer	10,790,440	6,265,012	90,000	-
Interest on long-term debt	3,056,316	-	-	-
Total business-type activities	<u>13,846,756</u>	<u>6,265,012</u>	<u>90,000</u>	<u>-</u>
Total primary government	<u>\$ 63,285,763</u>	<u>\$ 10,870,188</u>	<u>\$ 8,723,314</u>	<u>\$ 5,470,073</u>
Component unit:				
Judicial Clerk of the 34th District	\$ 235,225	\$ 125,979	\$ 82,208	\$ -
Home Mortgage Authority	26,865	-	-	-
Total component unit	<u>\$ 262,090</u>	<u>\$ 125,979</u>	<u>\$ 82,208</u>	<u>\$ -</u>

General Revenues:

Taxes:

 Property

 Sales

 Severance

 E telephone

 Other

Grants and contributions not restricted to specific programs

Investment earnings

Other general revenues

 Total general revenues

Net (expense) revenue before transfer

Transfer In (Out)

 Change in Net Assets

Net assets - beginning

Net assets - ending

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

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

Governmental Activities	Primary Government		Component Unit Judicial Clerk 34th District	Component Unit Home Mortgage Authority
	Business-type Activities	Total		
\$ (1,382,570)	\$ -	\$ (1,382,570)	\$ -	\$ -
(77,446)	-	(77,446)	-	-
(10,507,857)	-	(10,507,857)	-	-
(8,537,523)	-	(8,537,523)	-	-
(7,109,913)	-	(7,109,913)	-	-
(3,053,376)	-	(3,053,376)	-	-
341,864	-	341,864	-	-
(403,623)	-	(403,623)	-	-
<u>(30,730,444)</u>	<u>-</u>	<u>(30,730,444)</u>	<u>-</u>	<u>-</u>
-	(4,435,428)	(4,435,428)	-	-
-	(3,056,316)	(3,056,316)	-	-
-	(7,491,744)	(7,491,744)	-	-
<u>\$ (30,730,444)</u>	<u>\$ (7,491,744)</u>	<u>\$ (38,222,188)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ (27,038)	-	(27,038)	\$ (235,225)	\$ -
\$ (26,865)	-	(26,865)	-	(26,865)
<u>\$ (53,903)</u>	<u>\$ -</u>	<u>\$ (53,903)</u>	<u>\$ (235,225)</u>	<u>\$ (26,865)</u>
\$ 4,713,083	\$ 95	\$ 4,713,178		\$ -
17,180,941	3,848,845	21,029,786		-
750,163	-	750,163		-
420,363	-	420,363		-
247,457	-	247,457	125,979	-
120,778	-	120,778		-
367,423	1,105,412	1,472,835		3,876
77,127	65,907	143,034	82,208	-
<u>23,877,335</u>	<u>5,020,259</u>	<u>28,897,594</u>	<u>208,187</u>	<u>3,876</u>
(6,907,012)	(2,471,485)	(9,378,497)		-
623,741	(2,961,956)	(2,338,215)		-
(6,283,271)	(5,433,441)	(11,716,712)	(27,038)	(22,989)
52,188,654	37,149,803	89,338,457	156,752	491,687
<u>\$ 45,905,383</u>	<u>\$ 31,716,362</u>	<u>\$ 77,621,745</u>	<u>\$ 129,714</u>	<u>\$ 468,698</u>

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Sales taxes	5,741,194	-	-
Ad valorem taxes	398,085	493,035	493,035
Beer and tobacco taxes	59,299	-	-
Cable franchise fees	212,472	-	-
Intergovernmental	736,308	915,730	38,501
Other	-	689,223	(256)
Deferred special assessments	-	-	-
Due from other funds	597,645	-	-
Prepays	3,586	-	-
Other assets	1,451	-	-
Total assets	<u>\$ 7,750,040</u>	<u>\$ 2,097,988</u>	<u>\$ 531,280</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Cash overdraft	\$ 6,349,873	\$ 874,005	\$ 302,332
Accounts payable	507,357	323,270	115,242
Retainage payable	-	-	-
Salaries and payroll deductions payable	(22,727)	(1,920)	(2,204)
Due to other funds	4,788	-	-
Deferred revenues	-	-	-
Total liabilities	<u>6,839,291</u>	<u>1,195,355</u>	<u>415,370</u>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Encumbrances	50,587	232,341	2,745
Unreserved, designated for:			
Development	-	-	-
Unreserved, undesignated, reported in:			
General fund	860,162	-	-
Special revenue funds	-	670,292	113,165
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>910,749</u>	<u>902,633</u>	<u>115,910</u>
Total liabilities and fund balances	<u>\$ 7,750,040</u>	<u>\$ 2,097,988</u>	<u>\$ 531,280</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>Hurricane Katrina</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 404,826	\$ 1,431,673	\$ 2,586,351	\$ 9,793,075	\$ 14,215,925
-	4,350,000	-	-	-	4,350,000
-	-	-	-	107,570	107,570
-	-	-	-	-	5,741,194
1,424,039	1,028,826	-	-	1,132,740	4,969,760
-	-	-	-	-	59,299
-	-	-	-	-	212,472
43,329	-	-	-	309,422	2,043,290
79,913	-	-	-	109,840	878,720
-	-	-	-	95,254	95,254
-	-	-	-	-	597,645
-	-	-	-	6,199	9,785
-	-	-	-	269	1,720
<u>\$ 1,547,281</u>	<u>\$ 5,783,652</u>	<u>\$ 1,431,673</u>	<u>\$ 2,586,351</u>	<u>\$ 11,554,369</u>	<u>\$ 33,282,634</u>
\$ 1,402,200	\$ -	\$ 481,881	\$ -	\$ 505,191	\$ 9,915,482
427,411	-	11,107,495	-	738,248	13,219,023
-	-	-	-	13,635	13,635
(381,909)	(575)	-	-	206,034	(203,301)
-	-	-	-	57,600	62,388
-	-	-	-	239,825	239,825
<u>1,447,702</u>	<u>(575)</u>	<u>11,589,376</u>	<u>-</u>	<u>1,760,533</u>	<u>23,247,052</u>
-	-	-	-	1,424,894	1,424,894
283,976	-	-	-	1,670,346	2,239,995
-	1,500,000	-	-	-	1,500,000
-	-	-	-	-	860,162
(184,397)	4,284,227	(10,157,703)	-	2,628,773	(2,645,643)
-	-	-	-	2	2
-	-	-	2,586,351	4,069,821	6,656,172
<u>99,579</u>	<u>5,784,227</u>	<u>(10,157,703)</u>	<u>2,586,351</u>	<u>9,793,836</u>	<u>10,035,582</u>
<u>\$ 1,547,281</u>	<u>\$ 5,783,652</u>	<u>\$ 1,431,673</u>	<u>\$ 2,586,351</u>	<u>\$ 11,554,369</u>	<u>\$ 33,282,634</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005**

Total fund balances at December 31, 2005 - Governmental Funds		\$ 10,035,582
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ 108,379,053	
Less accumulated depreciation	<u>(62,621,792)</u>	45,757,261
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		95,254
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	(8,210,539)	
Accrued interest payable	<u>(127,212)</u>	(8,337,751)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		<u>(1,644,963)</u>
Net assets of governmental activities at December 31, 2005		<u><u>\$ 45,905,383</u></u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
REVENUES			
Taxes:			
Ad valorem	\$ 418,430	\$ 511,390	\$ 511,390
Sales and use	17,180,941	-	-
Other taxes, penalties, interest, etc.	854,406	1,276	1,277
Licenses and permits	1,147,247	-	-
Intergovernmental:			
Federal grants	417,466	-	-
State funds:			
Parish transportation funds	-	483,618	-
State revenue sharing (net)	53,234	58,702	58,702
Other	1,120,088	4,938,816	-
Fees, charges, and commissions for services	1,378,341	99,918	-
Fines and forfeitures	9,002	-	-
Use of money and property	(98,798)	(127,915)	(24,975)
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	45,384	88,296	-
Total revenues	<u>22,525,741</u>	<u>6,054,101</u>	<u>546,394</u>
EXPENDITURES			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	-	-	-
Other general government	8,197,547	-	-
Public safety	-	-	-
Public works	-	5,179,899	4,247,166
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	748,277	338,094	-
Total expenditures	<u>8,945,824</u>	<u>5,517,993</u>	<u>4,247,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,579,917</u>	<u>536,108</u>	<u>(3,700,772)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,840,143	4,106,183	3,855,960
Transfers out	(17,165,427)	(3,739,658)	(39,279)
Proceeds from long-term debt	-	-	-
Total other financing sources (uses)	<u>(15,325,284)</u>	<u>366,525</u>	<u>3,816,681</u>
Net change in fund balances	(1,745,367)	902,633	115,909
Fund balances - beginning	<u>2,656,116</u>	<u>-</u>	<u>1</u>
Fund balances - ending	<u>\$ 910,749</u>	<u>\$ 902,633</u>	<u>\$ 115,910</u>

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

Consolidated Fire Protection District No. 1-2	Library	Hurricane Katrina	Hurricane Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 1,425,576	\$ 1,000,537	\$ -	\$ -	\$ 1,126,045	\$ 4,993,368
-	-	-	-	-	17,180,941
178,379	-	-	-	422,436	1,457,774
-	-	-	-	244,372	1,391,619
102,391	-	31,601,040	-	6,413,687	38,534,584
-	-	-	-	90,252	573,870
53,791	51,973	-	-	83,265	359,667
-	22,030	-	-	189,755	6,270,689
2,505	5,352	-	-	381,343	1,867,459
-	11,473	-	-	239,833	260,308
(194,048)	168,330	-	-	485,900	208,494
-	-	-	-	23,559	23,559
-	3,949	-	-	-	3,949
131,216	3,785	-	2,586,351	1,393,457	4,248,489
<u>1,699,810</u>	<u>1,267,429</u>	<u>31,601,040</u>	<u>2,586,351</u>	<u>11,093,904</u>	<u>77,374,770</u>
-	-	-	-	1,166,889	1,166,889
-	-	-	-	8,400	8,400
-	-	36,128,129	-	5,476,238	49,801,914
7,297,168	-	-	-	325,208	7,622,376
-	-	-	-	1,554,803	10,981,868
-	471,461	-	-	2,697,194	3,168,655
-	-	-	-	1,793,522	1,793,522
-	-	-	-	3,125,845	3,125,845
-	-	-	-	317,797	317,797
324,357	112,330	4,517,698	-	917,125	6,957,881
<u>7,621,525</u>	<u>583,791</u>	<u>40,645,827</u>	<u>-</u>	<u>17,383,021</u>	<u>84,945,147</u>
<u>(5,921,715)</u>	<u>683,638</u>	<u>(9,044,787)</u>	<u>2,586,351</u>	<u>(6,289,117)</u>	<u>(7,570,377)</u>
7,112,459	-	-	-	8,503,902	25,418,647
(1,091,165)	-	(1,112,916)	-	(2,376,555)	(25,525,000)
-	-	-	-	1,565,000	1,565,000
<u>6,021,294</u>	<u>-</u>	<u>(1,112,916)</u>	<u>-</u>	<u>7,692,347</u>	<u>1,458,647</u>
99,579	683,638	(10,157,703)	2,586,351	1,403,230	(6,111,730)
-	5,100,589	-	-	8,390,606	16,147,312
<u>\$ 99,579</u>	<u>\$ 5,784,227</u>	<u>\$ (10,157,703)</u>	<u>\$ 2,586,351</u>	<u>\$ 9,793,836</u>	<u>\$ 10,035,582</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

Net change in fund balances - total governmental funds \$ (6,111,730)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. -

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. -

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. -

The net revenue of certain activities of internal service funds is reported with governmental activities. (171,541)

Change in net assets of governmental activities \$ (6,283,271)

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 247,391	\$ -	\$ 247,391	\$ 4,374,067
Investments	-	-	-	245,540
Customer receivables (net of allowance for doubtful accounts of \$283,060)	584,688	-	584,688	-
Unbilled charges	1,883,309	-	1,883,309	-
Grant receivables	41,398	-	41,398	-
Due from other funds	518,894	94,078	612,972	78,780
Prepays	12,290	-	12,290	76,751
Inventory	201,645	-	201,645	-
Restricted Assets:				
Cash and cash equivalents:				
Revenue bond debt service reserve	141,925	-	141,925	-
Revenue bond debt service account	158,906	-	158,906	-
Capital renewal and replacement and system improvements accounts	1,404,493	-	1,404,493	-
Sales tax bond debt service reserve	989,380	-	989,380	-
Sales tax bond debt service account	50,687,554	-	50,687,554	-
Construction fund	-	-	-	-
Inflow and infiltration	4,366,041	-	4,366,041	-
Other debt service accounts	-	327,731	327,731	-
Customer meter deposits	751,556	-	751,556	-
Sales tax receivable	-	-	-	-
Ad valorem taxes receivable (net of allowance for doubtful accounts)	-	(1,677)	(1,677)	-
Total restricted assets	<u>58,499,855</u>	<u>326,054</u>	<u>58,825,909</u>	<u>-</u>
Total current assets	<u>61,989,470</u>	<u>420,132</u>	<u>62,409,602</u>	<u>4,775,138</u>
Capital assets (net of accumulated depreciation)	<u>36,002,314</u>	<u>-</u>	<u>36,002,314</u>	<u>-</u>
Total assets	<u>97,991,784</u>	<u>420,132</u>	<u>98,411,916</u>	<u>4,775,138</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2005**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
LIABILITIES				
Current liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	2,739,520	-	2,739,520	253,460
Uninsured claims payable	-	-	-	-
Self insurance claims payable	-	-	-	3,562,275
Lease payable	-	-	-	-
Salaries payable	-	-	-	-
Retainage payable	-	-	-	-
Due to other funds	2,980,973	68,653	3,049,626	3,780
Total current liabilities	<u>5,720,493</u>	<u>68,653</u>	<u>5,789,146</u>	<u>3,819,515</u>
Current liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Bonds payable, net of unamortized debt expense	1,666,819	168,181	1,835,000	-
Accrued vacation leave	112,927	-	112,927	-
Accrued interest payable	596,204	3,800	600,004	-
Customer deposits	1,464,808	-	1,464,808	-
Inspection deposits	13,300	-	13,300	-
Retainage payable	388,141	-	388,141	-
Total current liabilities payable from restricted assets	<u>4,242,199</u>	<u>171,981</u>	<u>4,414,180</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	56,592,139	-	56,592,139	-
Total noncurrent liabilities	<u>56,592,139</u>	<u>-</u>	<u>56,592,139</u>	<u>-</u>
Total liabilities	<u>66,554,831</u>	<u>240,634</u>	<u>66,795,465</u>	<u>3,819,515</u>
NET ASSETS				
Invested in capital assets, net of related debt	(20,624,577)	-	(20,624,577)	-
Restricted for:				
Capital renewal and replacement and system improvements	2,156,049	-	2,156,049	-
Debt service	51,977,765	179,498	52,157,263	-
Inflow and infiltration	4,366,041	-	4,366,041	-
Self insurance	-	-	-	955,623
Unrestricted	(6,438,325)	-	(6,438,325)	-
Total net assets	<u>\$ 31,436,953</u>	<u>\$ 179,498</u>	<u>31,616,451</u>	<u>\$ 955,623</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>99,911</u>	
Net assets of business-type activities			<u>\$ 31,716,362</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for service	\$ 6,265,012	\$ -	\$ 6,265,012	\$ 1,149,946
Other operating revenues	65,907	-	65,907	16,162
Total operating revenues	<u>6,330,919</u>	<u>-</u>	<u>6,330,919</u>	<u>1,166,108</u>
OPERATING EXPENSES				
Personal services and related benefits	3,126,427	-	3,126,427	25,529
Utilities	1,092,985	-	1,092,985	-
Contractual services, supplies, and materials	2,075,635	-	2,075,635	-
Professional services	1,989,204	-	1,989,204	55,463
Insurance premiums	-	-	-	751,487
Insurance and claims expense	422,184	-	422,184	1,068,459
Depreciation and amortization	-	-	-	-
Other	2,536,279	170,000	2,706,279	8,062
Total operating expenses	<u>11,242,714</u>	<u>170,000</u>	<u>11,412,714</u>	<u>1,909,000</u>
Operating loss	<u>(4,911,795)</u>	<u>(170,000)</u>	<u>(5,081,795)</u>	<u>(742,892)</u>
NONOPERATING REVENUES (EXPENSES)				
Sales tax	3,848,845	-	3,848,845	-
Ad valorem tax for debt retirement	-	95	95	-
Interest earnings:				
Restricted assets	1,037,224	4,526	1,041,750	-
Current assets	-	-	-	246,207
Interest expense and bank fees	(3,050,663)	(5,653)	(3,056,316)	-
Federal grants	90,000	-	90,000	-
Other nonoperating revenues	8,246	-	8,246	-
Deductions from taxes	(172,373)	-	(172,373)	-
Total nonoperating revenues (expenses)	<u>1,761,279</u>	<u>(1,032)</u>	<u>1,760,247</u>	<u>246,207</u>
Income (loss) before transfers	<u>(3,150,516)</u>	<u>(171,032)</u>	<u>(3,321,548)</u>	<u>(496,685)</u>
Transfers in	10,478,507	-	10,478,507	1,175,207
Transfers out	<u>(13,440,463)</u>	<u>-</u>	<u>(13,440,463)</u>	<u>(125,000)</u>
Change in net assets	<u>(6,112,472)</u>	<u>(171,032)</u>	<u>(6,283,504)</u>	<u>553,522</u>
Total net assets - beginning	<u>37,549,425</u>	<u>350,530</u>		<u>402,101</u>
Total net assets - ending	<u>\$ 31,436,953</u>	<u>\$ 179,498</u>		<u>\$ 955,623</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>850,063</u>	
Change in net assets of business-type activities			<u>\$ (5,433,441)</u>	

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 6,174,864	\$ -	\$ 6,174,864	\$ 1,032,346
Payments to suppliers	(2,860,605)	-	(2,860,605)	(1,749,539)
Payments to employees	(3,137,746)	-	(3,137,746)	-
Other operating receipts	483,848	-	483,848	16,162
Receipts from and payments for interfund services	(530,025)	-	(530,025)	1,431,730
Net cash provided (used) by operating activities	<u>130,336</u>	<u>-</u>	<u>130,336</u>	<u>730,699</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from ad valorem taxes - debt retirement	-	145,059	145,059	-
Payments for deductions for taxes	(160,879)	-	(160,879)	-
Receipts from sales tax	3,037,940	-	3,037,940	-
Proceeds from federal grants	57,321	-	57,321	-
Acquisition and construction of capital assets	(7,671,082)	-	(7,671,082)	-
Proceeds from issuance of capital debt	-	-	-	-
Principal paid on capital debt	48,338,132	(170,000)	48,168,132	-
Interest paid on capital debt	(576,627)	(5,653)	(582,280)	-
Net cash provided (used) by capital and related financing activities	<u>43,024,805</u>	<u>(30,594)</u>	<u>42,994,211</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	<u>(43,024,805)</u>			
Purchase of investments	-	-	-	1,416
Interest on cash management activities	469,580	4,526	474,106	246,207
Net cash provided by investing activities	<u>469,580</u>	<u>4,526</u>	<u>474,106</u>	<u>247,623</u>
Net increase (decrease) in cash and cash equivalents	43,624,721	(26,068)	43,598,653	978,322
Cash and cash equivalents - beginning	<u>15,122,525</u>	<u>353,799</u>	<u>15,476,324</u>	<u>3,395,745</u>
Cash and cash equivalents - ending	<u>\$ 58,747,246</u>	<u>\$ 327,731</u>	<u>\$ 59,074,977</u>	<u>\$ 4,374,067</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
Classified as:				
Cash and cash equivalents	\$ 247,391	\$ -	\$ 247,391	\$ 4,374,067
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	141,925	-	141,925	-
Revenue bond debt service account	158,906	-	158,906	-
Capital renewal and replacement and system improvements accounts	1,404,493	-	1,404,493	-
Sales tax bond debt service reserve	989,380	-	989,380	-
Sales tax bond debt service account	50,687,554	-	50,687,554	-
Construction fund	-	-	-	-
Inflow and infiltration	4,366,041	-	4,366,041	-
Other debt service accounts	-	327,731	327,731	-
Customer meter deposits	751,556	-	751,556	-
Totals	<u>\$ 58,747,246</u>	<u>\$ 327,731</u>	<u>\$ 59,074,977</u>	<u>\$ 4,374,067</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (4,911,795)	\$ (170,000)	\$ (5,081,795)	\$ (742,892)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	-	-	-	-
(Increase) decrease in receivables	108,134	-	108,134	7,400
(Increase) decrease in unbilled charges	98,484	-	98,484	-
(Increase) decrease in inventory	(46,982)	-	(46,982)	-
(Increase) decrease in prepaid expenses	(27,693)	-	(27,693)	-
(Increase) decrease in due to (from) other funds	5,077,811	170,000	5,247,811	1,306,730
Increase (decrease) in accounts payable and other accruals	(244,979)	-	(244,979)	159,461
Increase (decrease) in customer deposits	77,356	-	77,356	-
Decrease in self insurance claims payable	-	-	-	-
Total adjustments	<u>5,042,131</u>	<u>170,000</u>	<u>5,212,131</u>	<u>1,473,591</u>
Net cash provided (used) by operating activities	<u>\$ 130,336</u>	<u>\$ -</u>	<u>\$ 130,336</u>	<u>\$ 730,699</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Financial Reporting Entity

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criteria are as follows:

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

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

	Fiscal Year <u>End</u>	<u>Criteria Used</u>
St. Bernard Parish Library	December 31	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1
St. Bernard Parish Economic Development	December 31	2
Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court	December 31	3

The basic financial statements of the Primary Government include all funds and organizations for which the Parish government maintains the accounting records. The organizations for which the Parish government maintains the accounting records are considered part of the primary government and include the Thirty-Fourth Judicial District Criminal Court Fund.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Blended Component Units

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

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

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The statute declared the Commission to be a body politic and political subdivision of the State of Louisiana. It also gave the Commission the power to tax, incur debt, and issue bonds. The powers of the Commission were exercised within the boundaries of St. Bernard Parish. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission was composed of seven members representing the participating entities and assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities. On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the "Division"). The Commission was abolished and the Parish Council assumed all rights, revenues, resources, authority, and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each District retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes. Because the Parish government is the governing board of the Districts, the Districts are considered to be component units of the St. Bernard Parish Government. The Division consists of two water plants that monitor and maintain 110 sewer lift stations. It also operates four sewerage treatment plants, one sewerage oxidation pond, and two sewerage treatment package plants.

Discretely Presented Component Unit

The component unit columns in the combined basic financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. As of March 31, 2006, all bonds of the Authority have been defeased or paid off in full. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which are empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate compiled financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2006. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs, or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith. The Judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the District Court. In like manner, the Judges, en banc, may utilize the moneys in the District Court to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

Separate audited financial reports prepared by Durnin & James, CPAs containing additional information that may be required of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court and more detailed information regarding operational results are available from the Parish for the year ended December 31, 2005. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

Related Organizations

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

b) Basis of Presentation

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to the same limitation. The Parish government has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

FUND FINANCIAL STATEMENTS:

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

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

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

General Fund - The General Fund is the principal fund of the Parish government and is used to account for all activities of the Parish government except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the Parish government. The four special revenue funds reported as major funds in the fund financial statements are as follows:

The Public Works Fund is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program). Revenues of this fund are substantially derived from the Parish Transportation Fund, Parish Road Royalty Fund, and a Parish ad valorem tax.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

The *Hurricane Katrina Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. The capital projects fund reported as a major fund in the fund financial statements is as follows:

The *Hurricane Reconstruction Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements are as follows:

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

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the same government or to other governments or not-for-profit associations on a cost reimbursement basis. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

"Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

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

d) Budgetary Accounting

The St. Bernard Parish Government adopted annual budgets for the General Fund, all Special Revenue Funds except for the Hurricane Katrina Fund, Capital Project Funds, Debt Service Funds, and the Enterprise Funds. Budgets for the general fund and all major special revenue funds except for the Hurricane Katrina Fund are included in the financial statements. The budgets are prepared on the modified accrual basis of accounting. Budgets for the Nonmajor Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Enterprise Funds are used as a management tool only and are not included in the financial statements. All appropriations except an appropriation for a capital expenditure will

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Budgetary Accounting (Continued)

lapse at year end to the extent that they have not been expended or encumbered. The Parish President is authorized to transfer amounts between line items within any fund. Budget amounts included in basic financial statements include the original adopted budget and all subsequent revisions.

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

For purposes of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit with maturities less than or equal to one year.

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

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

RESTRICTED ASSETS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

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

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

INTERFUND RECEIVABLES AND PAYABLES

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

CAPITAL ASSETS

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

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

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

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

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

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

DEFERRED REVENUES

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

LIABILITY FOR CLAIMS AND JUDGMENTS

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LIABILITY FOR CLAIMS AND JUDGMENTS (Continued)

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

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

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2005.

LONG-TERM DEBT

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

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

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, Versailles Industrial Park Project special assessments, 1996 Public Improvement Bonds, 1997 General Obligation Bonds, and the 2003 Sales Tax Bond issues. The cost of issuance on the 2002 Certificates of Indebtedness of \$7,846 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the Versailles Industrial Park Project special assessments of \$20,000 is amortized using the straight-line method over the 9-year life of the bond. The cost of issuance on the 1996 Public Improvement Bonds of \$35,309 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1997 General Obligation Bonds of \$6,166 is amortized using the straight-line method over the 13-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2005 was \$-0-.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 and 2004 Sales Tax Bond Issues. The cost of issuance on the 1994 Revenue Bond Issue of

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued)

\$266,655 was amortized using the straight-line method over the 12.3-year life of the bond until it was refunded in August 2004. The remaining unamortized costs of \$43,241 on the 1994 Revenue Bond Issue were deferred and amortized using the straight-line method over the 2 year remaining life of bonds. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The

cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The cost of the issuance on the 2004 Sales Tax Bond Issue of \$601,585 is amortized using the straight-line method over the 20-year life of the bond. Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on

the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13.5-year life of the bond. The bond premium on the 2004 Sales Tax Bonds of \$1,473,837 is amortized using the straight-line method over the 20-year life of the bond. Total amortization expense for the year ended December 31, 2005 was \$-

COMPENSATED ABSENCES

Substantially all employees of the Parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. Substantially all employees of the Parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days. All accumulated sick leave lapses upon termination or retirement except as noted below.

The only leave benefits which require accrual under generally accepted accounting principles are for the Parish government fire department and employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

Fire department employees may be paid out for their accrued vacation upon retirement or termination. Reimbursement of annual leave accrual is limited to 1,200 hours. Firefighters can get paid up to 1/3 of their accumulated sick pay upon termination. According to L.R.S. 33:1995, firemen employed by the Parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks. At December 31, 2005, the accrued vacation was \$964,213 for governmental activities.

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2005, the accrued vacation was \$112,927 for business-type activities.

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

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NET ASSETS

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

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

ACCOUNTING ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgets

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$9,924,100 at December 31, 2005. Management has elected to omit the information required by Governmental Accounting Standards Board ("GASB") Statement No. 40, *Deposit and Investment Risk Disclosures* as information is not available due to the effects of Hurricane Katrina.

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

NOTE 4- SALES TAX

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

On November 2, 1998, the Citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the sales tax must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damages caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

NOTE 5- AD VALOREM TAX

The Parish has elected to omit information relating to ad valorem tax due to the effects of Hurricane Katrina.

NOTE 6 - ALLOWANCE FOR UNCOLLECTIBLES

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

Governmental funds:	
General Fund	\$ 26,094
Public Works	58,356
Garbage District No. 1	58,356
Consolidated Fire Protection District No. 1-2	-
Library	32,578
Non-major governmental funds	142,044
Business-type funds:	
Water and Sewer Division	283,060
Nonmajor business-type funds	<u>5,655</u>
Total allowance for uncollectibles	<u>\$ 606,143</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 7 - CAPITAL ASSETS

a) Capital asset activity of the primary government for the year ended December 31, 2005, was as follows:

	<u>12/31/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2005</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,300,089	\$ -	\$ -	\$ 5,300,089
Construction in progress	<u>819,598</u>	<u>-</u>	<u>-</u>	<u>819,598</u>
Total capital assets not being depreciated	<u>6,119,687</u>	<u>-</u>	<u>-</u>	<u>6,119,687</u>
Capital assets being depreciated:				
Land improvements	12,791	-	-	12,791
Buildings and building improvements	28,230,689	-	-	28,230,689
Furniture, fixtures, and equipment	2,724,176	-	-	2,724,176
Machinery and equipment	9,501,343	-	-	9,501,343
Road system	60,206,922	-	-	60,206,922
Bridges	<u>1,583,445</u>	<u>-</u>	<u>-</u>	<u>1,583,445</u>
Total capital assets being depreciated	<u>102,259,366</u>	<u>-</u>	<u>-</u>	<u>102,259,366</u>
Less accumulated depreciation	<u>62,621,792</u>	<u>-</u>	<u>-</u>	<u>62,621,792</u>
Total capital assets being depreciated, net	<u>39,637,574</u>	<u>-</u>	<u>-</u>	<u>39,637,574</u>
Total governmental activities capital assets, net	<u>\$ 45,757,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,757,261</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>7,595,035</u>	<u>-</u>	<u>-</u>	<u>7,595,035</u>
Total capital assets not being depreciated	<u>7,772,321</u>	<u>-</u>	<u>-</u>	<u>7,772,321</u>
Capital assets being depreciated:				
Buildings	61,433,091	-	-	61,433,091
Furniture, fixtures, and equipment	149,034	-	-	149,034
Machinery and equipment	1,394,063	-	-	1,394,063
Pipeline system	<u>57,909,875</u>	<u>-</u>	<u>-</u>	<u>57,909,875</u>
Total capital assets being depreciated	<u>120,886,063</u>	<u>-</u>	<u>-</u>	<u>120,886,063</u>
Less accumulated depreciation	<u>92,656,070</u>	<u>-</u>	<u>-</u>	<u>92,656,070</u>
Total capital assets being depreciated, net	<u>28,229,993</u>	<u>-</u>	<u>-</u>	<u>28,229,993</u>
Total business-type activities capital assets, net	<u>\$ 36,002,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,002,314</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to document and support account balances for capital assets.

NOTE 8 - LONG-TERM DEBT

Primary Government

1) Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2005:

	<u>Balance</u> <u>1/1/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Premium/ (Discount)</u>	<u>Balance</u> <u>12/31/2005</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities						
Certificates of indebtedness	\$ 310,000	\$ -	\$ (100,000)	\$ -	\$ 210,000	\$ 105,000
Sales tax bonds	6,070,000	-	(555,000)	-	5,515,000	570,000
General obligation bonds	2,795,000	1,565,000	(2,795,000)	-	1,565,000	285,000
Special assessment	76,345	-	(38,172)	-	38,173	38,173
Total per fund financials	9,251,345	1,565,000	(3,488,172)	-	7,328,173	998,173
Less: deferred issuance costs	(81,847)	-	-	-	(81,847)	-
Total bonds payable, net of deferred issuance costs	9,169,498	1,565,000	(3,488,172)	-	7,246,326	998,173
Compensated absences	964,213	-	-	-	964,213	-
Total governmental activities	<u>\$ 10,133,711</u>	<u>\$ 1,565,000</u>	<u>\$ (3,488,172)</u>	<u>\$ -</u>	<u>\$ 8,210,539</u>	<u>\$ 998,173</u>
Business-type Activities						
Revenue bonds	\$ 740,000	\$ -	\$ (75,000)	\$ -	\$ 665,000	\$ 75,000
Sales tax bonds	59,838,132	-	(1,500,000)	-	58,338,132	1,760,000
General obligation bonds	170,000	-	(170,000)	-	-	-
Total bonds payable	60,748,132	-	(1,745,000)	-	59,003,132	1,835,000
Less: deferred issuance costs	(688,920)	-	-	-	(688,920)	-
Total bonds payable, net of deferred issuance costs	60,059,212	-	(1,745,000)	-	58,314,212	1,835,000
Compensated absences	112,927	-	-	-	112,927	-
Total business-type activities	<u>\$ 60,172,139</u>	<u>\$ -</u>	<u>\$ (1,745,000)</u>	<u>\$ -</u>	<u>\$ 58,427,139</u>	<u>\$ 1,835,000</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

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

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2005:

	Interest Rate	Issue Date	Final Maturity Date	Original Issue	Outstanding
Governmental Activities:					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 210,000
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	5,515,000
1997 General obligation bonds	4.75	12/01/1997	02/01/2010	4,335,000	1,565,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	381,721	38,173
Total governmental activities				<u>13,571,721</u>	<u>7,328,173</u>
Business-type Activities:					
<u>Revenue bonds</u>					
<u>Water and Sewer Division:</u>					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	950,000	665,000
<u>Sales tax bonds</u>					
<u>Water and Sewer Division:</u>					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	9,950,000	8,030,000
2004 Sales tax bonds	4.55	08/01/2004	03/01/2024	50,000,000	48,865,000
Total sales tax bonds				<u>59,950,000</u>	<u>56,895,000</u>
<u>General obligation bonds</u>					
<u>Sewer District No. 2:</u>					
1991 General obligation bonds	6.40-6.65	09/01/1991	03/01/2005	3,295,000	-
Total business-type activities				<u>64,195,000</u>	<u>57,560,000</u>
Total all certificates, bonds and special assessments				<u>\$ 77,946,721</u>	<u>\$ 64,888,173</u>

3) Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2006	\$ 2,833,173	\$ 3,049,820	\$ 5,882,993
2007	2,940,000	2,921,234	5,861,234
2008	2,960,000	2,785,030	5,745,030
2009	3,100,000	2,653,251	5,753,251
20010	3,245,000	2,524,446	5,769,446
2011-2015	16,040,000	10,490,368	26,530,368
2016-2020	19,070,000	6,120,621	25,190,621
2021-2024	14,700,000	1,463,709	16,163,709
Total	<u>\$ 64,888,173</u>	<u>\$ 32,008,479</u>	<u>\$ 96,896,652</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

4) Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2005 was \$210,000.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2005 was \$5,515,000.

On December 1, 1997 the 1997 General Obligation Bonds were issued for the purpose of refunding the 1990 General Obligation Bonds. The interest rate on the bonds is 4.75% and the bonds mature on February 1, 2010 with payments due in annual principal installments from \$95,000 to \$540,000. The balance outstanding at December 31, 2005 was \$1,565,000.

On October 24, 1997 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of financing public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. The interest rate on the bonds is 5.23% and the bonds mature on October 1, 2006 with payments due in annual principal installments of \$38,172. The balance outstanding at December 31, 2005 was \$38,173.

5) Proprietary Fund Revenue Bonds

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1994. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. On August 1, 2004, \$1,835,000 of the 1994 Revenue Bonds was defeased.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2005 was \$740,000.

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

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

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

5) Proprietary Fund Revenue Bonds (Continued)

outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2005, was 8.72 to 1.

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

- a) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- b) A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- c) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 2005, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$141,925, \$158,906, and \$1,404,493, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

6) Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2005 was \$8,030,000.

On August 1, 2004, \$50,000,000 of the 2004 Sales Tax Bonds was issued at a premium of \$1,473,837. The interest rate on the bonds is 4.55%, and the bonds mature on March 1, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2005 was \$48,865,000.

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

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

- a) A debt service account with monthly deposits of one-twelfth of the principal falling due on the next principal payment date and one-sixth of the interest falling due on the next interest payment date.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

6) Proprietary Fund Sales Tax Bonds (Continued)

- b) A debt service reserve account equal to the lesser of a) 10% of the original proceeds or b) the maximum principal and interest requirements for any succeeding bond year.

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

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

The Division has established and maintained these accounts, and at December 31, 2005, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$50,687,554, \$989,380, \$4,366,041 and \$-, respectively. The account balances exceed the minimum requirements of the bond indentures.

7) Proprietary Fund Public Improvement and General Obligation Bonds

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes. The bonds were issued to construct improvements and extensions to the sewerage systems. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2005 was \$ -.

8) Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2005, the customer meter deposits cash account had a balance of \$751,556 and meter liability of \$1,464,808.

9) Current Year's Defeasance of Debt

On August 1, 2004, the Division issued \$50,000,000 in Sales Tax Bonds, Series 2004 with the interest rate of 4.55% of which a portion was to advance refund \$1,835,000 of outstanding Series 1994 Revenue Refunding Bonds with the interest rate of 4.80-5.20%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Series 1994 Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed.

10) Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2005, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,285,000.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

10) Prior Years' Defeasance of Debt (Continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2005, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,670,000.

\$ 1,544,647 \$ - \$ 1,544,647 \$ -

NOTE 9 - OPERATING LEASES

The Water and Sewer Division ended its lease agreement for a belt press located at the Dravo Wastewater Treatment Plant in February 2004. Total rental expense for the year ended December 31, 2005 was \$10,400. The Water and Sewer Division receives lease income under the following agreements:

<u>Lease</u>	<u>Yearly Income</u>	<u>Lease Period</u>	<u>Beginning Date</u>	<u>Option</u>
Right-of-way agreement	\$ 2,500	10 years	September 1, 1995	Additional 10 year term
Tower lease #1	6,000	5 years	August 9, 1995	3 additional 5 year terms
Tower lease #2	7,200	5 years	June 26, 1996	3 additional 5 year terms
Tower lease #3	13,800	5 years	August 22, 1996	3 additional 5 year terms
Tower lease #4	13,200	5 years	November 19 1998	4 additional 3 year terms
Tower lease #5	12,500	5 years	July 28, 1998	4 additional 3 year terms
Tower lease #6	9,600	5 years	December 23, 1997	4 additional 3 year terms
Tower lease #7	9,000	5 years	September 7, 2004	4 additional 3 year terms

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2005 was \$73,800. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2006	71,500
2007	51,942
2008	18,000
2009	18,000
2010	<u>12,000</u>
Total	<u>\$ 171,442</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 10 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

a) The composition of due to/from other funds as of December 31, 2005, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Public Works	\$ 422,931
	Garbage District No. 1	100,385
	Consolidated Fire Protection District No. 1-2	198,458
	Water and Sewer Division	1,226,408
	Non-major governmental funds	742,935
2003 Sales Tax Bonds	General Fund	4,788
	Water and Sewer Division	106,650
Water and Sewer Division	General Fund	37,524
	Public Works	26,178
Nonmajor governmental funds	General Fund	116,522
	Public Works	95,646
	Consolidated Fire Protection District No. 1-2	64,826
Nonmajor business-type funds	Water and Sewer Division	25,425
	Nonmajor business-type funds	68,653
Internal service funds	Water and Sewer Division	281,523
	Nonmajor governmental funds	50,000
	Internal service funds	3,780
		<u>\$ 3,572,632</u>

b) The composition of interfund transfers as of December 31, 2005, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Public Works	\$ 422,931
	Garbage District No. 1	100,385
	Consolidated Fire Protection District No. 1-2	198,458
	Non-major governmental funds	744,015
Public Works	General Fund	146,276
Garbage District No. 1	General Fund	4,144,156
	Public Works	421,712
Consolidated Fire Protection District No. 1-2	General Fund	4,525,648
	Non-major governmental funds	4,834
Water and Sewer Division	General Fund	362,006
Nonmajor governmental funds	General Fund	4,907,470
	Public Works	95,647
	2003 Sales Tax Bonds	167,803
	Nonmajor governmental funds	721,022
Internal service funds	Water and Sewer Division	5,700
		<u>\$ 16,968,063</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2005 was \$13,547,608 (which includes a parish payroll of \$10,910,417 and Water and Sewer Division payroll of \$2,637,191).

a) Parochial Employees' Retirement System

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

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.50% of their annual-covered salary. Employer contributions are actuarially determined every fiscal year according to statutory process. The current rate is 11.75% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2005, 2004 and 2003 were \$1,075,827, \$633,557, and \$607,922, respectively, equal to the required contributions for each year. For the year ended December 31, 2005, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$2,637,191. The Water and Sewer Division's contributions to the System for the years ended December 31, 2005, 2004, and 2003 were \$309,870, \$174,313, and \$166,746, respectively, equal to the required contributions for each year.

b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2004, the Parish was paying a rate of 21% of payroll. On July 1, 2004, that rate increased to 24% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2005, 2004, and 2003 were \$930,875, \$737,446, and \$368,482, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 3.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish began contributing to the Plan July 1, 2004. The Parish's contribution to the System for the year ended December 31, 2005 was \$3,998, which is equal to the required contribution for the year.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of year-end, 125 and 26 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT

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

a) Governmental Activities

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

a) Governmental Activities (Continued)

The following represents a reconciliation of total claims liability:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Claims liability at beginning of year	\$ 2,064,033	\$ 2,307,380	\$ 2,621,317
Plus: provision for incurred claims	1,391,390	495,993	123,108
Less: claims paid	<u>(761,400)</u>	<u>(739,340)</u>	<u>(437,045)</u>
Claims liability at end of year	<u>\$ 2,694,023</u>	<u>\$ 2,064,033</u>	<u>\$ 2,307,380</u>

b) Business-type Activities

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

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

The following represents a reconciliation of total claims liability:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Claims liability at beginning of year	\$ 448,078	\$ 692,732	\$ 808,712
Plus: provision for incurred claims	494,778	(123,082)	181,625
Less: claims paid	<u>(74,604)</u>	<u>(121,572)</u>	<u>(297,605)</u>
Claims liability at end of year	<u>\$ 868,252</u>	<u>\$ 448,078</u>	<u>\$ 692,732</u>

NOTE 14 - CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2005, \$1,080 was transferred to the General Fund.

NOTE 15 - ADMINISTRATIVE ORDERS

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

As of December 31, 2005, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005**

NOTE 15 - ADMINISTRATIVE ORDERS (CONTINUED)

each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2005, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

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

NOTE 17 - LITIGATION

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

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$587,340 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$202,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2005 for which an amount of liability can be estimated is \$629,000 and is not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES						
Taxes:						
Ad valorem	\$ 418,430	\$ -	\$ 418,430	\$ 713,736	\$ 82,146	\$ 336,284
Sales and use	17,180,941	-	17,180,941	15,500,000	15,500,000	1,680,941
Other taxes, penalties, interest, etc	854,406	-	854,406	915,000	870,000	(15,594)
Licenses and permits	1,147,247	-	1,147,247	1,261,100	1,124,800	22,447
Intergovernmental revenues:						
Federal grants	417,466	-	417,466	50,000	410,000	7,466
State funds:						
State revenue sharing (net)	53,234	-	53,234	63,000	60,000	(6,766)
Other	1,120,088	-	1,120,088	65,000	475,000	645,088
Fees, charges, and commissions						
for services	1,378,341	-	1,378,341	1,585,000	1,304,700	73,641
Fines and forfeitures	9,002	-	9,002	12,500	10,000	(998)
Use of money and property	(98,798)	-	(98,798)	13,200	10,700	(109,498)
Other revenues	45,384	-	45,384	5,000	85,000	(39,616)
Total revenues	<u>22,525,741</u>	<u>-</u>	<u>22,525,741</u>	<u>20,183,536</u>	<u>19,932,346</u>	<u>2,593,395</u>
EXPENDITURES						
Current:						
General government:						
Finance and administration	-	-	-	1,030,000	1,030,000	1,030,000
Deductions by sales tax collector	1,357,984	-	1,357,984	194,400	150,000	(1,207,984)
Other general government	6,839,563	-	6,839,563	6,141,076	6,796,246	(43,317)
Capital outlay	748,277	-	748,277	146,200	684,295	(63,982)
Total expenditures	<u>8,945,824</u>	<u>-</u>	<u>8,945,824</u>	<u>7,511,676</u>	<u>8,660,541</u>	<u>(285,283)</u>
Excess of revenues over expenditures	<u>13,579,917</u>	<u>-</u>	<u>13,579,917</u>	<u>12,671,860</u>	<u>11,271,805</u>	<u>2,308,112</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,840,143	-	1,840,143	-	-	1,840,143
Transfers out	(17,165,427)	-	(17,165,427)	-	-	(17,165,427)
Total other financing sources (uses)	<u>(15,325,284)</u>	<u>-</u>	<u>(15,325,284)</u>	<u>-</u>	<u>-</u>	<u>(15,325,284)</u>
Net change in fund balances	(1,745,367)	-	(1,745,367)	12,671,860	11,271,805	(13,017,172)
Fund balances - beginning	<u>2,656,116</u>	<u>(250,565)</u>	<u>2,906,681</u>	<u>1,967,405</u>	<u>2,906,681</u>	<u>-</u>
Fund balances - ending	<u>\$ 910,749</u>	<u>\$ (250,565)</u>	<u>\$ 1,161,314</u>	<u>\$14,639,265</u>	<u>\$14,178,486</u>	<u>\$ (13,017,172)</u>

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

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 511,390	\$ 880,352	\$ 88,400	\$ 422,990
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	483,618	500,000	510,000	(26,382)
State revenue sharing (net)	58,702	67,000	60,000	(1,298)
Other	4,938,816	3,500,000	4,845,000	93,816
Fees, charges, and commissions for services	99,918	154,500	93,480	6,438
Use of money and property	(127,915)	-	(30,604)	(97,311)
Other revenues	89,572	4,500	30,317	59,255
Total revenues	<u>6,054,101</u>	<u>5,106,352</u>	<u>5,596,593</u>	<u>456,232</u>
EXPENDITURES				
Current:				
Public works	5,179,899	4,466,497	4,916,412	(263,487)
Capital outlay	338,094	250,000	138,000	(200,094)
Total expenditures	<u>5,517,993</u>	<u>4,716,497</u>	<u>5,054,412</u>	<u>(463,581)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>536,108</u>	<u>389,855</u>	<u>542,181</u>	<u>(7,349)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,106,183	-	-	4,106,183
Transfers out	(3,739,658)	-	-	(3,739,658)
Total other financing sources (uses)	<u>366,525</u>	<u>-</u>	<u>-</u>	<u>366,525</u>
Net change in fund balances	902,633	389,855	542,181	359,176
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ 902,633</u>	<u>\$ 389,855</u>	<u>\$ 542,181</u>	<u>\$ 359,176</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 511,390	\$ 880,352	\$ 80,000	\$ 431,390
Other taxes, penalties, interest, etc.	1,277	500	1,400	(123)
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
State revenue sharing (net)	58,702	66,000	55,000	3,702
Use of money and property	(24,975)	-	9,500	(34,475)
Total revenues	<u>546,394</u>	<u>946,852</u>	<u>145,900</u>	<u>400,494</u>
EXPENDITURES				
Current:				
Public works	4,247,166	5,468,541	4,830,416	583,250
Total expenditures	<u>4,247,166</u>	<u>5,468,541</u>	<u>4,830,416</u>	<u>583,250</u>
Deficiency of revenues under expenditures	<u>(3,700,772)</u>	<u>(4,521,689)</u>	<u>(4,684,516)</u>	<u>983,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,855,960	-	-	3,855,960
Transfers out	(39,279)	-	-	(39,279)
Total other financing sources (uses)	<u>3,816,681</u>	<u>-</u>	<u>-</u>	<u>3,816,681</u>
Net change in fund balances	115,909	(4,521,689)	(4,684,516)	4,800,425
Fund balances - beginning	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 115,910</u>	<u>\$ (4,521,689)</u>	<u>\$ (4,684,516)</u>	<u>\$ 4,800,425</u>

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

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2005

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,425,576	\$ 2,268,717	\$ 132,300	\$ 1,293,276
Other taxes, penalties, interest, etc.	178,379	150,000	178,800	(421)
Intergovernmental revenues:				
Federal grants	102,391	250,000	134,000	(31,609)
State funds:				
State revenue sharing (net)	53,791	60,000	60,000	(6,209)
Other	-	-	-	-
Fees, charges, and commissions for services	2,505	3,800	2,500	5
Use of money and property	(194,048)	5,000	-	(194,048)
Other revenues	131,216	23,500	59,400	71,816
Total revenues	<u>1,699,810</u>	<u>2,761,017</u>	<u>567,000</u>	<u>1,132,810</u>
EXPENDITURES				
Current:				
Public safety	7,297,168	6,233,295	7,298,200	1,032
Capital outlay	324,357	50,000	280,000	(44,357)
Total expenditures	<u>7,621,525</u>	<u>6,283,295</u>	<u>7,578,200</u>	<u>(43,325)</u>
Deficiency of revenues under expenditures	<u>(5,921,715)</u>	<u>(3,522,278)</u>	<u>(7,011,200)</u>	<u>1,089,485</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,112,459	-	-	7,112,459
Transfers out	(1,091,165)	-	-	(1,091,165)
Total other financing sources (uses)	<u>6,021,294</u>	<u>-</u>	<u>-</u>	<u>6,021,294</u>
Net change in fund balances	99,579	(3,522,278)	(7,011,200)	7,110,779
Fund balances - beginning	-	-	(61,081)	61,081
Fund balances - ending	<u>\$ 99,579</u>	<u>\$ (3,522,278)</u>	<u>\$ (7,072,281)</u>	<u>\$ 7,171,860</u>

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

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2005

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,000,537	\$ 880,000	\$ 880,000	\$ 120,537
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	51,973	-	-	51,973
Other	22,030	60,000	60,000	(37,970)
Fees, charges, and commissions for services	5,352	750	750	4,602
Fines and forfeitures	11,473	18,000	18,000	(6,527)
Use of money and property	168,330	70,000	70,000	98,330
Public grants	3,949	5,000	5,000	(1,051)
Other revenues	3,785	187,000	187,000	(183,215)
Total revenues	<u>1,267,429</u>	<u>1,220,750</u>	<u>1,220,750</u>	<u>46,679</u>
EXPENDITURES				
Current:				
Health and welfare	471,461	970,750	970,750	499,289
Capital outlay	112,330	250,000	250,000	137,670
Total expenditures	<u>583,791</u>	<u>1,220,750</u>	<u>1,220,750</u>	<u>636,959</u>
Excess of revenues over expenditures	683,638	-	-	683,638
Fund balances - beginning	<u>5,100,589</u>	<u>3,295,000</u>	<u>3,295,000</u>	<u>1,805,589</u>
Fund balances - ending	<u>\$ 5,784,227</u>	<u>\$ 3,295,000</u>	<u>\$ 3,295,000</u>	<u>\$ 2,489,227</u>

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

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 8,945,824	\$ 8,660,541	\$ 285,283	32.94
Public Works	5,517,993	5,054,412	463,581	9.18
Consolidated Fire Protection District No. 1-2	7,621,525	7,578,200	43,325	0.58

NOTE 2 - BUDGET PRESENTATION

No budget was prepared for the Hurricane Katrina special revenue fund; therefore, no budget comparison statement is present for this fund.

OTHER SUPPLEMENTAL INFORMATION

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2005**

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Civic Auditorium Fund

This fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center ("Center"). Revenues are derived from fees charged for the use of the Center.

Criminal Court Fund

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

Judicial Court Reporter Fund

This fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

Council on Aging Fund

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

Community Development Fund

This fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

Recreation Fund

This fund is used to account for the maintenance and operations of the recreation facilities within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Road Lighting District No. 1 Fund

This fund is used to account for the maintenance of the lighting facilities of the roads, alleys, and public places within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Workforce Investment Act Fund

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

District Attorney General Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2005**

Special Revenue Funds (Continued)

Health Fund

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

Communications Fund

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

Housing Voucher Program Fund

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

Contingency Criminal Court "A" Fund

This fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Human Resources Fund

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

Urban Mass Transportation Administration Fund

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

Environmental Mitigation Fund

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

Deputy Witness Fee Fund

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

Weatherization Fund

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

Low Income Home Energy Assistance Program Fund

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

Day Care Fund

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

Federal Emergency Management Assistance Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2005**

Debt Service Funds

Debt service funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

Versailles Industrial Park Sinking Fund

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

Bond Reserve 1977 Fund

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

Bond Reserve 1996 Fund

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

2003 Sales Tax Refunding Fund

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

1990 and 1997 General Obligation Bond Fund

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

Public Improvement Bonds Series 1977 and 1999 Fund

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

Public Improvement Bonds Series A, B, C Fund

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

Community Disaster Loan Fund

This fund is used to accumulated monies for the repayment of the Community Disaster Loan. This loan has no payments due at December 31, 2005.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2005**

Capital Projects Funds

The capital projects funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for proprietary funds.

Capital Projects Funds (Continued)

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

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

Urban System Roadway Reconstruction Fund

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

Capital Projects Fund

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

Drainage and Siphon Fund

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

Courthouse Capital Fund

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

2003 Sales Tax Bond Fund

This fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

911 Communications Construction Fund

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

1990 General Obligation Bond Fund

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

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

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

Road District 1 Project Bond Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2005**

Drainage Construction Bonds of 1967 and 1982 Fund

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

Rebuild St. Bernard Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

Permanent Work Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
ASSETS				
Cash and cash equivalents	\$ 17,004	\$ 148,474	\$ 28,922	\$ 264,546
Receivables (net of allowances for uncollectibles)	-	-	-	-
Ad valorem taxes	-	-	-	166,284
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 17,004</u>	<u>\$ 148,474</u>	<u>\$ 28,922</u>	<u>\$ 430,830</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	3,974	-	7,525	107,684
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	(1,457)	-	(10,925)	688
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>2,517</u>	<u>-</u>	<u>(3,400)</u>	<u>108,372</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	14,487	148,474	32,322	322,458
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>14,487</u>	<u>148,474</u>	<u>32,322</u>	<u>322,458</u>
Total liabilities and fund balances	<u>\$ 17,004</u>	<u>\$ 148,474</u>	<u>\$ 28,922</u>	<u>\$ 430,830</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ 393,957	\$ (3,228)	\$ -	\$ 54,267	\$ 27,738
-	-	-	-	-
-	398,282	197,095	-	-
50,000	31,500	15,400	185,508	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 443,957</u>	<u>\$ 426,554</u>	<u>\$ 212,495</u>	<u>\$ 239,775</u>	<u>\$ 27,738</u>
\$ -	\$ 290,630	\$ 205,407	\$ -	
348,431	58,212	-	(8,012)	63,872
-	-	-	-	-
(15,089)	1,974	-	226,667	223
-	-	-	57,600	-
-	-	-	144,068	-
<u>333,342</u>	<u>350,816</u>	<u>205,407</u>	<u>420,323</u>	<u>64,095</u>
-	-	-	-	-
-	-	-	-	-
110,615	75,738	7,088	(180,548)	(36,357)
-	-	-	-	-
<u>110,615</u>	<u>75,738</u>	<u>7,088</u>	<u>(180,548)</u>	<u>(36,357)</u>
<u>\$ 443,957</u>	<u>\$ 426,554</u>	<u>\$ 212,495</u>	<u>\$ 239,775</u>	<u>\$ 27,738</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
ASSETS				
Cash and cash equivalents	\$ 322,353	\$ 688,093	\$ 737,515	\$ 444
Receivables (net of allowances for uncollectibles)	-	-	107,570	-
Ad valorem taxes	101,331	-	-	-
Intergovernmental	9,799	-	-	-
Other	-	66,190	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	1,411	-	-	-
Other assets	-	269	-	-
Total assets	\$ 434,894	\$ 754,552	\$ 845,085	\$ 444
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	23,210	745	99
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	863
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	23,210	745	962
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	8,618	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	434,894	722,724	844,340	(518)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	434,894	731,342	844,340	(518)
Total liabilities and fund balances	\$ 434,894	\$ 754,552	\$ 845,085	\$ 444

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ 146,078	\$ 609	\$ 8,345	\$ 1,404	\$ 3
-	-	-	-	-
-	-	-	-	-
15,343	17,215	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 161,421</u>	<u>\$ 17,824</u>	<u>\$ 8,345</u>	<u>\$ 1,404</u>	<u>\$ 3</u>
\$ -	\$ -	\$ -	\$ -	\$ -
15,018	9,270	-	39,150	-
-	-	-	-	-
913	2,177	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>15,931</u>	<u>11,447</u>	<u>-</u>	<u>39,150</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
145,490	6,377	8,345	(37,746)	3
-	-	-	-	-
-	-	-	-	-
<u>145,490</u>	<u>6,377</u>	<u>8,345</u>	<u>(37,746)</u>	<u>3</u>
<u>\$ 161,421</u>	<u>\$ 17,824</u>	<u>\$ 8,345</u>	<u>\$ 1,404</u>	<u>\$ 3</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
ASSETS				
Cash and cash equivalents	\$ 3,196	\$ 6,793	\$ 1,191	\$ 2,847,704
Receivables (net of allowances for uncollectibles)	-	-	-	107,570
Ad valorem taxes	-	-	-	862,992
Intergovernmental	-	-	-	309,422
Other	-	-	-	81,533
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	1,411
Other assets	-	-	-	269
Total assets	\$ 3,196	\$ 6,793	\$ 1,191	\$ 4,210,901
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ 496,037
Accounts payable	45	45	-	669,268
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	206,034
Due to other funds	-	-	-	57,600
Deferred revenues	-	503	-	144,571
Total liabilities	45	548	-	1,573,510
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	8,618
Unreserved, undesignated, reported in:				
Special revenue funds	3,151	6,245	1,191	2,628,773
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	3,151	6,245	1,191	2,637,391
Total liabilities and fund balances	\$ 3,196	\$ 6,793	\$ 1,191	\$ 4,210,901

(Continued)

Debt Service

Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ 2	\$ 834	\$ 574,007	\$ 129,069
-	-	-	-	-
-	-	-	-	269,748
9,154	-	-	-	-
95,254	-	-	-	-
-	-	-	-	-
<u>\$ 104,408</u>	<u>\$ 2</u>	<u>\$ 834</u>	<u>\$ 574,007</u>	<u>\$ 398,817</u>
\$ 9,154	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(451,236)
-	-	-	-	-
-	-	-	-	-
95,254	-	-	-	-
<u>104,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(451,236)</u>
-	-	834	574,007	850,053
-	-	-	-	-
-	2	-	-	-
-	-	-	-	-
<u>-</u>	<u>2</u>	<u>834</u>	<u>574,007</u>	<u>850,053</u>
<u>\$ 104,408</u>	<u>\$ 2</u>	<u>\$ 834</u>	<u>\$ 574,007</u>	<u>\$ 398,817</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	Debt Service			Total
	Public Improvement Bonds		Community Disaster Loan	
	Series 1977 and 1999	Series A, B, C		
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 257,822	\$ 961,734
Receivables (net of allowances for uncollectibles)	-	-	-	-
Ad valorem taxes	-	-	-	269,748
Intergovernmental	-	-	-	-
Other	-	-	-	9,154
Special assessments:				
Deferred	-	-	-	95,254
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Unamortized debt expense	-	-	-	-
Total assets	\$ -	\$ -	\$ 257,822	\$ 1,335,890
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	9,154
Accounts payable	-	-	257,822	(193,414)
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	95,254
Total liabilities	-	-	257,822	(89,006)
Fund balances:				
Reserved for:				
Debt service	-	-	-	1,424,894
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	2
Capital projects funds	-	-	-	-
Total fund balances	-	-	-	1,424,896
Total liabilities and fund balances	\$ -	\$ -	\$ 257,822	\$ 1,335,890

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>	<u>Public Improvement Bond Series D, E, F, G</u>
\$ 783,210	\$ 1,367,413	\$ -	\$ 1,603,333	\$ 892,331	-
-	-	-	-	-	-
-	-	-	-	-	-
19,153	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	4,788	-
-	-	-	-	-	-
<u>\$ 802,363</u>	<u>\$ 1,367,413</u>	<u>\$ -</u>	<u>\$ 1,603,333</u>	<u>\$ 897,119</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,635	44,276	-	-	218,118	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,635</u>	<u>44,276</u>	<u>-</u>	<u>-</u>	<u>218,118</u>	<u>-</u>
-	-	-	-	-	-
5,000	201,391	-	-	1,455,337	-
-	-	-	-	-	-
-	-	-	-	-	-
783,728	1,121,746	-	1,603,333	(776,336)	-
<u>788,728</u>	<u>1,323,137</u>	<u>-</u>	<u>1,603,333</u>	<u>679,001</u>	<u>-</u>
<u>\$ 802,363</u>	<u>\$ 1,367,413</u>	<u>\$ -</u>	<u>\$ 1,603,333</u>	<u>\$ 897,119</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2005

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
ASSETS				
Cash and cash equivalents	\$ -	\$ 189	\$ -	\$ -
Receivables (net of allowances for uncollectibles)	-	-	-	-
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ 189	\$ -	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	-	-	-	-
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	189	-	-
Total fund balances	-	189	-	-
Total liabilities and fund balances	\$ -	\$ 189	\$ -	\$ -

Capital Projects

<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,337,161	\$ -	\$ 5,983,637	\$ 9,793,075
-	-	-	-	107,570
-	-	-	-	1,132,740
-	-	-	-	309,422
-	-	-	19,153	109,840
-	-	-	-	95,254
-	-	-	-	-
-	-	-	4,788	6,199
-	-	-	-	269
<u>\$ -</u>	<u>\$ 1,337,161</u>	<u>-</u>	<u>\$ 6,007,578</u>	<u>\$ 11,554,369</u>
\$ -	\$ -	\$ -	\$ -	\$ 505,191
-	-	2,147	262,394	738,248
-	-	-	13,635	13,635
-	-	-	-	206,034
-	-	-	-	57,600
-	-	-	-	239,825
-	-	2,147	276,029	1,760,533
-	-	-	-	1,424,894
-	-	-	1,661,728	1,670,346
-	-	-	-	2,628,773
-	-	-	-	2
-	1,337,161	(2,147)	4,069,821	4,069,821
-	1,337,161	(2,147)	5,731,549	9,793,836
<u>\$ -</u>	<u>\$ 1,337,161</u>	<u>\$ -</u>	<u>\$ 6,007,578</u>	<u>\$ 11,554,369</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 170,797
Other taxes, penalties, interest, etc.	-	-	-	396
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	216,000	5,329	28,992	-
Fines and forfeitures	-	192,812	-	-
Use of money and property	3,553	-	(2,490)	24,134
Special assessments	-	-	-	-
Other revenues	500	10,748	-	-
Total revenues	<u>220,053</u>	<u>208,889</u>	<u>26,502</u>	<u>195,327</u>
EXPENDITURES				
Current:				
General government:				
Judicial	-	-	293,801	-
Finance and administration	-	-	-	-
Other general government	-	75,771	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	155,117
Culture and recreation	492,227	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>492,227</u>	<u>75,771</u>	<u>293,801</u>	<u>155,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(272,174)</u>	<u>133,118</u>	<u>(267,299)</u>	<u>40,210</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	306,948	-	321,564	283,453
Transfers out	(20,287)	-	(21,943)	(1,203)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>286,661</u>	<u>-</u>	<u>299,621</u>	<u>282,250</u>
Net change in fund balances	14,487	133,118	32,322	322,460
Fund balances - beginning	-	15,356	-	(2)
Fund balances - ending	<u>\$ 14,487</u>	<u>\$ 148,474</u>	<u>\$ 32,322</u>	<u>\$ 322,458</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 365,327	\$ 204,556	\$ -	\$ -
-	907	509	-	-
244,372	-	-	-	-
(16,918)	-	-	4,567,600	-
-	-	-	-	-
-	45,865	23,468	-	-
126,632	-	-	-	100
(2,344)	59,029	-	-	-
-	-	-	-	-
(11,794)	(42,821)	(24,032)	(14,328)	(7,405)
-	-	-	-	-
12,435	14,314	-	-	-
<u>352,383</u>	<u>442,621</u>	<u>204,501</u>	<u>4,553,272</u>	<u>(7,305)</u>
-	-	-	-	656,359
-	-	-	-	-
-	-	-	4,686,007	-
-	-	-	-	-
-	-	483,252	-	-
1,095,946	-	-	-	-
-	1,301,295	-	-	-
-	-	-	-	-
-	-	-	-	-
3,473	90,642	-	51,558	778
<u>1,099,419</u>	<u>1,391,937</u>	<u>483,252</u>	<u>4,737,565</u>	<u>657,137</u>
<u>(747,036)</u>	<u>(949,316)</u>	<u>(278,751)</u>	<u>(184,293)</u>	<u>(664,442)</u>
867,014	1,072,063	285,839	-	668,375
(47,542)	(47,010)	-	-	(54,642)
-	-	-	-	-
<u>819,472</u>	<u>1,025,053</u>	<u>285,839</u>	<u>-</u>	<u>613,733</u>
72,436	75,737	7,088	(184,293)	(50,709)
38,179	1	-	3,745	14,352
<u>\$ 110,615</u>	<u>\$ 75,738</u>	<u>\$ 7,088</u>	<u>\$ (180,548)</u>	<u>\$ (36,357)</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
REVENUES				
Taxes:				
Ad valorem	\$ 105,080	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	261	420,363	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	1,597,535	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	13,932	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	27,200	56,590	24,152	(57)
Special assessments	-	-	-	-
Other revenues	-	-	-	17,600
Total revenues	<u>146,473</u>	<u>476,953</u>	<u>1,621,687</u>	<u>17,543</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	25,295
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	325,208	-	-
Public works	-	-	-	-
Health and welfare	99,200	-	900,157	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	120,000	-	-
Interest and service charges	-	8,011	-	-
Capital outlay	-	10,285	-	-
Total expenditures	<u>99,200</u>	<u>463,504</u>	<u>900,157</u>	<u>25,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,273</u>	<u>13,449</u>	<u>721,530</u>	<u>(7,752)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	122,810	10,013
Transfers out	-	-	-	(2,779)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>122,810</u>	<u>7,234</u>
Net change in fund balances	47,273	13,449	844,340	(518)
Fund balances - beginning	<u>387,621</u>	<u>717,893</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 434,894</u>	<u>\$ 731,342</u>	<u>\$ 844,340</u>	<u>\$ (518)</u>

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
118,858	67,780	-	-	-
-	90,252	-	-	-
-	-	-	-	-
-	74,337	-	-	-
2,194	(5,747)	679	47,021	-
-	-	-	826	-
1,142	3,190	-	-	-
<u>122,194</u>	<u>229,812</u>	<u>679</u>	<u>47,847</u>	<u>-</u>
-	-	-	191,434	-
-	468,835	-	-	-
-	-	-	-	-
334,999	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,130	55,829	-	-	-
<u>336,129</u>	<u>524,664</u>	<u>-</u>	<u>191,434</u>	<u>-</u>
<u>(213,935)</u>	<u>(294,852)</u>	<u>679</u>	<u>(143,587)</u>	<u>-</u>
394,999	339,378	-	155,625	3
(35,576)	(41,250)	-	(49,784)	-
<u>359,423</u>	<u>298,128</u>	<u>-</u>	<u>105,841</u>	<u>3</u>
145,488	3,276	679	(37,746)	3
2	3,101	7,666	-	-
<u>\$ 145,490</u>	<u>\$ 6,377</u>	<u>\$ 8,345</u>	<u>\$ (37,746)</u>	<u>\$ 3</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 845,760
Other taxes, penalties, interest, etc.	-	-	-	422,436
Licenses and permits	-	-	-	244,372
Intergovernmental revenues:				
Federal grants	(2,428)	71,684	-	6,404,111
State funds:				
Parish transportation funds	-	-	-	90,252
State revenue sharing (net)	-	-	-	83,265
Other	10,422	16,110	24,611	177,875
Fees, charges, and commissions for services	-	-	-	381,343
Fines and forfeitures	-	-	-	239,833
Use of money and property	150	448	219	31,471
Special assessments	-	-	-	-
Other revenues	-	-	-	59,929
Total revenues	8,144	88,242	24,830	8,980,647
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	1,166,889
Finance and administration	-	-	-	-
Other general government	-	-	-	5,230,613
Public safety	-	-	-	325,208
Public works	-	-	-	483,252
Health and welfare	45	87,337	24,393	2,697,194
Culture and recreation	-	-	-	1,793,522
Debt service:				
Principal	-	-	-	120,000
Interest and service charges	-	-	-	8,011
Capital outlay	-	-	-	213,695
Total expenditures	45	87,337	24,393	12,038,384
Excess (deficiency) of revenues over (under) expenditures	8,099	905	437	(3,057,737)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,101	-	852	4,830,037
Transfers out	(6,049)	-	(98)	(328,163)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	(4,948)	-	754	4,501,874
Net change in fund balances	3,151	905	1,191	1,444,137
Fund balances - beginning	-	5,340	-	1,193,254
Fund balances - ending	\$ 3,151	\$ 6,245	\$ 1,191	\$ 2,637,391

(Continued)

Debt Service

Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ -	\$ -	\$ -	280,285
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,332	1	67	26,109	31,147
23,559	-	-	-	-
-	-	-	-	-
<u>24,891</u>	<u>1</u>	<u>67</u>	<u>26,109</u>	<u>311,432</u>
-	-	-	-	-
-	-	-	-	8,400
-	-	-	-	-
35	-	-	-	-
-	-	-	-	-
-	-	-	-	-
38,172	-	-	555,000	2,412,673
4,009	-	-	234,820	58,760
-	-	-	-	-
<u>42,216</u>	<u>-</u>	<u>-</u>	<u>789,820</u>	<u>2,479,833</u>
<u>(17,325)</u>	<u>1</u>	<u>67</u>	<u>(763,711)</u>	<u>(2,168,401)</u>
16,213	-	-	795,510	-
-	-	-	-	-
<u>16,213</u>	<u>-</u>	<u>-</u>	<u>795,510</u>	<u>1,565,000</u>
<u>(1,112)</u>	<u>1</u>	<u>67</u>	<u>31,799</u>	<u>(603,401)</u>
1,112	1	767	542,208	1,453,454
<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 834</u>	<u>\$ 574,007</u>	<u>\$ 850,053</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Debt Service			Total
	Public Improvement Bonds Series 1977 and 1999	Series A, B, C	Community Disaster Loan	
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 280,285
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	58,656
Special assessments	-	-	-	23,559
Public grants	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>362,500</u>
EXPENDITURES				
Current:				
General government				
Elections	-	-	-	-
Finance and administration	-	-	-	8,400
Other general government	-	-	245,625	245,625
Public safety	-	-	-	-
Public works	-	-	-	35
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	3,005,845
Interest and service charges	-	-	12,197	309,786
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>257,822</u>	<u>3,569,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(257,822)</u>	<u>(3,207,191)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	257,822	1,069,545
Transfers out	(3,225)	(244,148)	-	(247,373)
Proceeds from long-term debt	-	-	-	1,565,000
Total other financing sources (uses)	<u>(3,225)</u>	<u>(244,148)</u>	<u>257,822</u>	<u>2,387,172</u>
Net change in fund balances	(3,225)	(244,148)	-	(820,019)
Fund balances - beginning	<u>3,225</u>	<u>244,148</u>	<u>-</u>	<u>2,244,915</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,424,896</u>

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>	<u>Public Improvement Bond Series D, E, F, G</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
9,576	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	11,880	-
-	-	-	-	-	-
43,545	121,340	-	130,220	97,020	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,121</u>	<u>121,340</u>	<u>-</u>	<u>130,220</u>	<u>108,900</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,286	9,338	-	-	1,050,892	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	682,642	-	-	20,788	-
<u>11,286</u>	<u>691,980</u>	<u>-</u>	<u>-</u>	<u>1,071,680</u>	<u>-</u>
-	-	-	-	-	-
41,835	(570,640)	-	130,220	(962,780)	-
-	-	-	-	-	-
414,320	1,150,000	-	-	1,040,000	-
(414,320)	-	(179,897)	-	(1,040,000)	(51,316)
-	-	-	-	-	-
<u>-</u>	<u>1,150,000</u>	<u>(179,897)</u>	<u>-</u>	<u>-</u>	<u>(51,316)</u>
41,835	579,360	(179,897)	130,220	(962,780)	(51,316)
-	-	-	-	-	-
<u>746,893</u>	<u>743,777</u>	<u>179,897</u>	<u>1,473,113</u>	<u>1,641,781</u>	<u>51,316</u>
<u>\$ 788,728</u>	<u>\$ 1,323,137</u>	<u>\$ -</u>	<u>\$ 1,603,333</u>	<u>\$ 679,001</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	15	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(4,834)	(15,185)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,834)</u>	<u>(15,185)</u>
Net change in fund balances	-	15	(4,834)	(15,185)
Fund balances - beginning	<u>-</u>	<u>174</u>	<u>4,834</u>	<u>15,185</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Capital Projects</u>				<u>Total Nonmajor Governmental Funds</u>
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ -	\$ 1,126,045
-	-	-	-	422,436
-	-	-	-	244,372
-	-	-	9,576	6,413,687
-	-	-	-	90,252
-	-	-	-	83,265
-	-	-	11,880	189,755
-	-	-	-	381,343
-	-	-	-	239,833
-	3,633	-	395,773	485,900
-	-	-	-	23,559
-	-	-	-	-
-	1,333,528	-	1,333,528	1,393,457
-	<u>1,337,161</u>	-	<u>1,750,757</u>	<u>11,093,904</u>
-	-	-	-	1,166,889
-	-	-	-	8,400
-	-	-	-	5,476,238
-	-	-	-	325,208
-	-	2,147	1,071,516	1,554,803
-	-	-	-	2,697,194
-	-	-	-	1,793,522
-	-	-	-	-
-	-	-	-	3,125,845
-	-	-	-	317,797
-	-	-	703,430	917,125
-	-	2,147	<u>1,774,946</u>	<u>17,383,021</u>
-	1,337,161	(2,147)	(24,189)	(6,289,117)
-	-	-	2,604,320	8,503,902
(95,467)	-	-	(1,801,019)	(2,376,555)
-	-	-	-	1,565,000
(95,467)	-	-	803,301	7,692,347
(95,467)	1,337,161	(2,147)	779,112	1,403,230
95,467	-	-	4,952,437	8,390,606
<u>\$ -</u>	<u>\$ 1,337,161</u>	<u>\$ (2,147)</u>	<u>\$ 5,731,549</u>	<u>\$ 9,793,836</u>

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2005**

Water District No. 1

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

Water District No. 2

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

Sewer District No. 1

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

Sewer District No. 2

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2005**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Due from other funds	\$ -	\$ -	\$ 68,653	\$ 25,425	\$ 94,078
Other debt service accounts	91,265	123,417	9,970	103,079	327,731
Sales tax receivable	-	-	-	-	-
Ad valorem taxes receivable (net of allowance for doubtful accounts of \$5,655)	-	-	-	(1,677)	(1,677)
Total restricted assets	<u>91,265</u>	<u>123,417</u>	<u>9,970</u>	<u>126,827</u>	<u>326,054</u>
Total current assets	<u>91,265</u>	<u>123,417</u>	<u>78,623</u>	<u>126,827</u>	<u>420,132</u>
Total assets	<u>91,265</u>	<u>123,417</u>	<u>78,623</u>	<u>126,827</u>	<u>420,132</u>
LIABILITIES					
Current liabilities:					
Accounts payable	-	-	-	-	-
Due to (from) other funds	68,653	-	-	-	68,653
Total current liabilities	<u>68,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,653</u>
Current liabilities payable from restricted assets:					
Bonds payable, net of unamortized debt expense	-	-	-	168,181	168,181
Accrued interest payable	-	-	-	3,800	3,800
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,981</u>	<u>171,981</u>
Noncurrent liabilities:					
Bonds payable, net of unamortized debt expense	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>68,653</u>	<u>-</u>	<u>-</u>	<u>171,981</u>	<u>240,634</u>
NET ASSETS					
Restricted for:					
Debt service	22,612	123,417	78,623	(45,154)	179,498
Total net assets	<u>\$ 22,612</u>	<u>\$ 123,417</u>	<u>\$ 78,623</u>	<u>\$ (45,154)</u>	<u>\$ 179,498</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
OPERATING EXPENSES					
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	170,000	170,000
Total operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>170,000</u>
Operating loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>(170,000)</u>
NONOPERATING REVENUES (EXPENSES)					
Ad valorem tax for debt retirement	-	-	-	95	95
Interest earnings:					
Restricted assets	878	1,734	40	1,874	4,526
Interest expense and bank fees	-	-	-	(5,653)	(5,653)
Deductions from taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>878</u>	<u>1,734</u>	<u>40</u>	<u>(3,684)</u>	<u>(1,032)</u>
Change in net assets	878	1,734	40	(173,684)	(171,032)
Total net assets - beginning	<u>21,734</u>	<u>121,683</u>	<u>78,583</u>	<u>128,530</u>	<u>350,530</u>
Total net assets - ending	<u>\$ 22,612</u>	<u>\$ 123,417</u>	<u>\$ 78,623</u>	<u>\$ (45,154)</u>	<u>\$ 179,498</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Receipts from ad valorem taxes - debt retirement	\$ -	\$ -	\$ -	\$ 145,059	\$ 145,059
Payments for deductions for taxes	-	-	-	-	-
Principal paid on capital debt	-	-	-	(170,000)	(170,000)
Interest paid on capital debt	-	-	-	(5,653)	(5,653)
Net cash used by capital and related financing activities	-	-	-	(30,594)	(30,594)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash management activities	878	1,734	40	1,874	4,526
Net cash provided by investing activities	878	1,734	40	1,874	4,526
Net increase (decrease) in cash and cash equivalents	878	1,734	40	(28,720)	(26,068)
Cash and cash equivalents - beginning	90,387	121,683	9,930	131,799	353,799
Cash and cash equivalents - ending	<u>\$ 91,265</u>	<u>\$ 123,417</u>	<u>\$ 9,970</u>	<u>\$ 103,079</u>	<u>\$ 327,731</u>
Classified as:					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>91,265</u>	<u>\$ 123,417</u>	<u>\$ 9,970</u>	<u>\$ 103,079</u>	<u>\$ 327,731</u>
Reconciliation of operating income to net cash used by operating activities:					
Operating loss	\$ -	\$ -	\$ -	\$ (170,000)	\$ (170,000)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Amortization	-	-	-	170,000	170,000
Total adjustments	-	-	-	170,000	170,000
Net cash used by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2005**

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

Self Insurance Fund

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

Water & Sewer Self Insurance Fund

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2005**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,367,988	\$ 1,006,079	\$ 4,374,067
Investments	245,540	-	245,540
Receivables, net of allowance	-	-	-
Due from other funds	50,000	28,780	78,780
Prepays	63,911	12,840	76,751
Total assets	<u>3,727,439</u>	<u>1,047,699</u>	<u>4,775,138</u>
LIABILITIES			
Accounts payable	241,072	12,388	253,460
Self insurance claims payable	2,694,023	868,252	3,562,275
Due to other funds	3,780	-	3,780
Total liabilities	<u>2,938,875</u>	<u>880,640</u>	<u>3,819,515</u>
NET ASSETS			
Restricted	<u>788,564</u>	<u>167,059</u>	<u>955,623</u>
Total net assets	<u>\$ 788,564</u>	<u>\$ 167,059</u>	<u>\$ 955,623</u>

**ST. BERNARD PARISH GOVERNMENT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,149,946	\$ -	\$ 1,149,946
Other operating revenues	16,162	-	16,162
Total operating revenues	<u>1,166,108</u>	<u>-</u>	<u>1,166,108</u>
OPERATING EXPENSES			
Personal services and related benefits	25,529	-	25,529
Professional services	44,165	11,298	55,463
Insurance premiums	592,178	159,309	751,487
Insurance and claims expense	850,260	218,199	1,068,459
Other	8,062	-	8,062
Total operating expenses	<u>1,520,194</u>	<u>388,806</u>	<u>1,909,000</u>
Operating loss	<u>(354,086)</u>	<u>(388,806)</u>	<u>(742,892)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and service charges	182,545	63,662	246,207
Total nonoperating revenues (expenses)	<u>182,545</u>	<u>63,662</u>	<u>246,207</u>
Loss before transfers	(171,541)	(325,144)	(496,685)
Transfers in	-	1,175,207	1,175,207
Transfers out	<u>(125,000)</u>	<u>-</u>	<u>(125,000)</u>
Change in net assets	(296,541)	850,063	553,522
Total net assets - beginning	<u>1,085,105</u>	<u>(683,004)</u>	<u>402,101</u>
Total net assets - ending	<u>\$ 788,564</u>	<u>\$ 167,059</u>	<u>\$ 955,623</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,024,946	\$ 7,400	\$ 1,032,346
Payments to suppliers	(1,371,837)	(377,702)	(1,749,539)
Other operating receipts	16,162	-	16,162
Payments from and payments for interfund services	<u>181,523</u>	<u>1,250,207</u>	<u>1,431,730</u>
Net cash provided (used) by operating activities	<u>(149,206)</u>	<u>879,905</u>	<u>730,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	1,416	-	1,416
Interest on cash management activities	<u>182,545</u>	<u>63,662</u>	<u>246,207</u>
Net cash provided (used) by investing activities	<u>183,961</u>	<u>63,662</u>	<u>247,623</u>
Net increase (decrease) in cash and cash equivalents	34,755	943,567	978,322
Cash and cash equivalents - beginning	<u>3,333,233</u>	<u>62,512</u>	<u>3,395,745</u>
Cash and cash equivalents - ending	<u>\$ 3,367,988</u>	<u>\$ 1,006,079</u>	<u>\$ 4,374,067</u>
Classified as:			
Cash and cash equivalents	<u>\$ 3,367,988</u>	<u>\$ 1,006,079</u>	<u>\$ 4,374,067</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (354,086)	\$ (388,806)	\$ (742,892)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	-	7,400	7,400
Decrease in due from (to) other funds	56,523	1,250,207	1,306,730
(Increase) decrease in prepaid expenses	-	-	-
Decrease in accounts payable and accruals	148,357	11,104	159,461
Increase in self insurance claims payable	-	-	-
Total adjustments	<u>204,880</u>	<u>1,268,711</u>	<u>1,473,591</u>
Net cash provided (used) by operating activities	<u>\$ (149,206)</u>	<u>\$ 879,905</u>	<u>\$ 730,699</u>

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2005**

Joseph S. DiFatta, Jr., Chairman	\$ 8,400
Lynn B. Dean	-
Mark Madary	7,200
Judy Darby Hoffmeister	7,200
Kenneth Henderson	7,200
Craig P. Taffaro, Jr.	7,200
Tony Ricky Melerine	<u>7,200</u>
Total	<u>\$ 44,400</u>

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

**ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - HUD FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>SECTION 8 RENTAL VOUCHER</u>
ASSETS:	
CURRENT ASSETS:	
Cash:	
Cash - unrestricted	\$ 737,515
Total Cash	<u>737,515</u>
Accounts Receivable:	
Accounts receivable - PHA projects	<u>107,570</u>
Total receivables, net of allowance for doubtful accounts	<u>107,570</u>
Due from other Funds	<u>-</u>
Current Investments:	
Prepaid expenses	<u>-</u>
TOTAL CURRENT ASSETS	<u>845,085</u>
NONCURRENT ASSETS:	
Fixed assets:	
Furniture, equipment & machinery	<u>25,360</u>
Total fixed assets	<u>25,360</u>
TOTAL NONCURRENT ASSETS	<u>25,360</u>
TOTAL ASSETS	<u>\$ 870,445</u>
LIABILITIES AND EQUITY	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable - HUD PHA Program	\$ 745
Due to other funds	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>745</u>
TOTAL LIABILITIES	<u>745</u>
EQUITY:	
Investment in general fixed assets	25,360
Undesignated fund balance	<u>844,340</u>
TOTAL EQUITY	<u>869,700</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 870,445</u>

**ST. BERNARD PARISH GOVERNMENT
UNIFORM FINANCIAL REPORTING STANDARDS FOR PUBLIC
HOUSING AUTHORITIES - HUD FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	SECTION 8 RENTAL VOUCHER <u>14,871</u>
REVENUE:	
HUD PHA grants	\$ 1,597,535
Investment income - unrestricted	<u>24,152</u>
TOTAL REVENUE	<u>1,621,687</u>
EXPENSES:	
Administrative	
Administrative salaries	-
Other operating - administrative	16,553
Ordinary maintenance and operations	
Ordinary maintenance and operations - materials and other	1,972
General expenses	
Insurance premiums	<u>5,038</u>
TOTAL OPERATING EXPENSES	<u>23,563</u>
EXCESS OPERATING REVENUE OVER OPERATING EXPENSES	<u>1,598,124</u>
Housing assistance payments	<u>876,594</u>
TOTAL EXPENSES	900,157
OTHER FINANCING USES	
Operating transfers in	122,810
Operating transfers out	<u>-</u>
TOTAL OTHER FINANCING USES	<u>122,810</u>
EXCESS OF TOTAL REVENUES OVER TOTAL EXPENSES	844,340
Calculation From R/E Statement	844,340
B/S Line 513	<u>869,700</u>
Fund balance at end of year	<u><u>\$ 1,714,040</u></u>

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COMPUTATION OF THE RATIO OF
NET REVENUES (EXCLUDING WATER AND SEWER DISTRICTS)
TO AVERAGE ANNUAL DEBT SERVICE REQUIREMENT OF WATER & SEWER REVENUE BONDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

We are unable to provide this information as a result of effects from Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

We were unable to determine the gross tax revenues for Emergency 911 for the year ended December 31, 2005 due to the effects of Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

We were unable to determine metered customers of the St. Bernard Parish Government Department of Public Works Water and Sewer Division for the year ended December 31, 2005 as a result of the effects of Hurricane Katrina.

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

To the St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the "Parish"), State of Louisiana, as of and for the year ended December 31, 2005, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated April 24, 2007. We do not express an opinion on the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information because the basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to support revenue, expenditures/expenses and capital asset account balances.

Internal Control Over Financial Reporting

Because of the reasons described in the first paragraph, we were unable to consider the Parish's internal control over financial reporting.

Compliance and Other Matters

For the reasons described in the first paragraph, we were unable to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

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

Rebowe & Company

April 24, 2007

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

To the St. Bernard Parish Council,
Chalmette, Louisiana

Compliance

We were engaged to audit the compliance of the St. Bernard Parish Government (the "Parish"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The Parish's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Parish's management.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Because of the reasons described in the second paragraph, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, subrecipient monitoring, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. See Finding 05-01 in the Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. Because of the reasons described in the second paragraph, we were unable to consider the Parish's internal control over compliance requirements that could have a direct and material effect on a major federal program.

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

Rebowe & Company

April 24, 2007

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title I-B	17.268	WIA Grant #10	\$ 568,227
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	384,812
Workforce Investment Act - Dislocated Worker IA - Admin.	17.260	WIA Grant #10	390,851
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	217,712
Workforce Investment Act - Incentive	17.267	474-501820	18,720
Workforce Investment Act - State Incentive	17.267	CFMS602828	42,243
Workforce Investment Act - State 15%	17.267	CFMS602828	164,766
Workforce Investment Project Ivan	17.260	CFMS617692	61,470
Workforce Investment Act - Katrina Program	17.260	630897	<u>175,292</u>
Total U.S. Department of Labor			<u>2,024,093</u>
U.S. Department of Transportation			
FTA Operating Section 9 Grant	20.507	Unknown	<u>67,780</u>
Total U.S. Department of Transportation			<u>67,780</u>
U.S. Department of Housing and Urban Development			
Section 8 Rental Voucher Program	14.871	Unknown	<u>920,855</u>
Total U.S. Department of Housing and Urban Development			<u>920,855</u>
U.S. Environmental Protection Agency			
<i>Pass-Through Louisiana Department of Natural Resources</i>			
Restoration and Mitigation Plan for the Environmental Impacts Related to the Mississippi River Gulf Outlet	66.451	DNR 2519-04-02	<u>90,000</u>
Total U.S. Environmental Protection Agency			<u>90,000</u>
U.S. Department of Commerce			
<i>Pass-Through the National Oceanic and Atmospheric Administration</i>			
Coastal Restoration Grant	11.419	Unknown	<u>76,127</u>
Total U.S. Department of Commerce			<u>76,127</u>
U.S. Department of Agriculture			
<i>Pass - Through Louisiana Department of Education:</i>			
Family Day Care Home Program	93.558	CFMS610360	<u>160,776</u>
Total U.S. Department of Agriculture			<u>160,776</u>
U.S. Department of Health and Human Services			
<i>Pass - Through Louisiana Department of Labor:</i>			
Step Program	10.558	Unknown	<u>120,748</u>
Total U.S. Department of Agriculture			<u>120,748</u>
U.S. Department of Homeland Security			
<i>Pass - Through Louisiana Military Department of Homeland Security and Emergency Preparedness</i>			
FEMA Disaster Relief Grant	97.036	FEMA-LA-DR1603	<u>31,604,040</u>
Total Federal Emergency Management Agency			<u>31,604,040</u>
Total Expenditures of Federal Awards			<u>\$ 35,064,419</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

FEMA Disaster Relief Grant (CFDA No. 97.036)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2005.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2005.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

A - Summary of Auditor's Results

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

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
97.036	FEMA Disaster Relief Grant

8. The threshold for distinguishing Types A and B programs was \$1,051,933.
9. St. Bernard Parish Government did not qualify as a low-risk auditee.
10. A management letter was issued for the year ended December 31, 2005.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

B - Findings - Financial Statement Audit

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina. As a result, we were unable to consider the Parish's internal control over financial reporting, nor were we able to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts.

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

Finding 05-01

Condition – The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005, which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Criteria – OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to federal award programs of the Parish.

Effect - We cannot determine if the Parish is in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Cause - The basic accounting and reporting systems for the Parish were not maintained for the year ended December 31, 2005 and some records were lost or destroyed due to the effects of Hurricane Katrina.

Because of the reasons described above, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment, and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Findings - Financial Statement Audit

Compliance

Finding 04-01 Condition - Several instances were noted where revenues and other sources failed to meet projected revenues by more than 5% and where expenditures and other uses exceeded the projected budget by 5% or more. Also, several instances were noted where actual beginning fund balance failed to meet estimated beginning fund balance by 5% or more.

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

Current Status - We did not express an opinion on the basic financial statements; therefore, we are unable to determine if this finding has been resolved.

Finding 04-02 Condition - Two instances were noted where the Water and Sewer Division was late making required monthly transfers to the sinking fund for the Sales Tax Bonds - Series 1999.

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

Current Status - We did not express an opinion on the basic financial statements; therefore, we are unable to determine if this finding has been resolved.

Management Letter

1. Post-Employment Benefits Other Than Pensions

Observation:

In May 2004, the GASB issued Statement No. 43 "Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans". A related Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* was issued in June 2004. These statements address how state and local governments should account for and report their costs and obligations related to postemployment benefits other than pensions referred to as other postemployment benefits (OPEB). Examples of OPEB include, retiree health insurance, dental, vision, prescription benefits, and life insurance.

The Statements generally would require governments to:

- Measure the cost of benefits, and recognize OPEB expense on the accrual basis of accounting in periods that approximate the employees' years of service;
- Provide information about the actuarial accrued liabilities for promised benefits associated with past services and whether or to what extent, those benefits have been funded; and
- Provide information useful in assessing potential demands on the employer's future cash flows.

The Parish will be required to comply with the new accounting standards for the year ending December 31, 2007.

The Parish provides postretirement health care benefits to all retirees who reach the normal retirement age while working for the Parish. Currently, there are 151 retirees under the plan. The above-mentioned accounting statements will have a significant impact on the Parish's financial statements and potential demands of the Parish's future cash flows.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Recommendation:

The Finance Department should begin the process of implementing the applicable accounting pronouncement within the prescribed deadline. The Finance Department should also review its current eligibility requirements for retiree health care.

Current Status:

This observation has been resolved. The Finance Department has begun obtaining the necessary information needed to implement the requirements of the applicable GASB Accounting Statement.

2. Positive Pay

Observation:

Positive pay is becoming a preferred method of check fraud deterrence. Positive pay entails a daily reconciliation of an issuer's checks to checks presented for payment to the issuer's bank to identify potentially fraudulent checks.

Under positive pay, an issuer prepares a formatted-checks issued data file (including check number, amount and date as well as other bank and account information) and transmits this data to its bank. Stop payments, voided checks and manual checks can also be included in the formatted-checks issued file. The bank compares checks received for payment against the record of issued checks. The bank identifies items that do not match the issue amount and check number. The bank may offer additional services to identify checks that exceed certain dollar amounts and "stale" (dated) checks. The bank presents the rejected items to the issuer for its consideration for payment.

Recommendation:

The Government Finance Officers Association (GFOA) recommends that governmental entities use positive pay as the primary check clearance process in banking services agreements. This service should be included as part of an overall program of check fraud protection, including secure file transmission.

The GFOA further recommends that the issuer have specific knowledge of their exposure to loss with both their insurance carrier, if any, and their banking institution. The Parish should discuss these recommended practices with its new fiscal agent.

Current Status:

This finding has been resolved. The Finance Department determined that these practices were not necessary. Other controls are in place to deter fraud.

3. Civic Auditorium Receipts

Observations:

Customer payments are being received by various members of the Civic Auditorium's staff. Receipts are not being issued for all payments received. Some payments remain in the Civic Auditorium office without being deposited in a timely manner. There are no procedures in place to ensure that all cash receipts are immediately logged and sent to the Finance Department for deposit. Additionally, "No charge" contracts associated with St. Bernard Parish School functions were not signed. Because of the incomplete contract, it is unclear whether the Parish's or the School Board's insurer would be responsible for claims arising at the event.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Recommendation:

We recommend instituting the following procedures for all cash receipts of the Civic Auditorium. Immediately upon receipt of payment, employees are to record the payment in a duplicating receipt book. One copy of the receipt is given to the customer and the other is retained in the receipt book. The receipt book should be kept in the Civic Auditorium office and will be used to provide detail of the transfer of receipts (customer payments) to the Finance Department for deposit in a timely manner. Additionally, we recommend that contracts be signed by all parties for all events held at the Civic Auditorium.

Current Status:

This finding has been resolved as the Civic Auditorium has been closed as a result of damage from Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2005**

Finding 05-1 – Federal Award Finding

Corrective Action: The Parish has hired an outside accounting firm to assess the accounting and reporting systems and to correct the books for the year ended December 31, 2006. The Parish is also investigating the loss of documents and determining policies that need to be implemented to prevent loss of documents from catastrophic events such as hurricanes in the future.

Implementation Date: The Parish hopes to have complete and accurate accounting records by June 30, 2007. Also, the Parish hopes to have policies and procedures in place related to loss of documents by December 31, 2007.

Contact: Amy Blanchard, Finance Director (504) 278-4255

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

MEMORANDUM OF ADVISORY COMMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS

AUDITOR'S REPORT 1

**OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN**

1. Bank Reconciliations 2

2. Basis of Accounting 2

3. Capital Assets 3

4. Federal Funds 4

5. Payroll 4

6. Water and Sewer Public Works Department 5

7. Comments from the Office of Inspector General Report 6

8. Comments from the Office of Homeland Security Report 7

9. Interfund Receivables, Payables, and Transfers 8

10. Other General Internal Control Issues..... 8

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Government for the year ended December 31, 2005 and have issued our report thereon dated April 24, 2007. As part of our audit, we considered the Parish's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, debt, payroll, and fixed assets were not effective during the year ended December 31, 2005 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was lost or destroyed due to the effects of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses, and capital asset balances on the financial statements of the governmental activities, business-type activities, and each major fund of the Parish. As a result, we were unable to determine if the St. Bernard Parish Government's financial statements were fairly stated and could be relied upon.

However, our engagement did disclose material internal control weaknesses and material noncompliance with laws and regulations. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Parish's internal control in a separately issued report entitled *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated April 24, 2007. We did not express an opinion in this report due the reasons described in the second paragraph.

We will review the status of our findings and recommendations during our next audit engagement. We have already discussed our recommendations with the Administration and have included their corrective action plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company

April 24, 2007

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
DECEMBER 31, 2005**

1. *Bank Reconciliations*

Observation:

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger account for the year ended December 31, 2005. As of April 2006, bank accounts for December 2005 had not been reconciled by the Accounting Department. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation:

We recommend that all bank accounts be reconciled prior to preparation of monthly financial statements and within thirty (30) days of month end.

Corrective Action Plan:

The bank reconciliations were not being processed in a timely manner in 2006 due primarily to delays in the receipt of mail as a result of Hurricane Katrina. Bank reconciliations are now being prepared in a timely manner. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

2. *Basis of Accounting*

Observation:

For the year ended December 31, 2005, the Parish did not prepare its financial statements on the appropriate basis of accounting as required by governmental accounting principles. It appears that the financial statements were prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received, and expenses are recognized when paid. Receivables, prepaid expenses, inventories, allowances, payables, deferred and accrued liabilities, and reserves were not recorded or adjusted in most cases during the year. In many instances, the Parish's financial statements at December 31, 2005 reflected the same account balances as for the year ended December 31, 2004. In other words, these balances had not been adjusted for the entire year. Beginning fund balances for many funds did not agree to the 2004 audited fund balances. Records for 2005 were generally incomplete and inaccurate for most accounts. Monthly financial statements provided to the Administration and the Parish Council were inaccurate and incomplete based on our analysis.

Recommendation:

We recommend that the Parish maintain its accounting records on the basis of accounting required by governmental accounting principles. Governmental fund financial statements

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005**

should be maintained on the modified accrual basis of accounting. Business-type fund financial statements should be maintained on the accrual basis of accounting.

Corrective Action Plan:

The Finance Department is currently producing financial statements on the appropriate basis of accounting as required by governmental accounting principles. Fund balances for 2004 have been adjusted to agree to the 2004 audited fund balances and monthly financial statements are being provided to the Parish Council. The Finance Department is also storing all financial data electronically to prevent loss of records in the future. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

3. *Capital Assets*

Observation:

Fixed asset records were not maintained properly during the year. After Hurricane Katrina, the capital assets records were not adjusted to reflect losses and damages from Katrina. Also, additions to capital assets were not properly recorded during 2005 in many instances. Depreciation expense could not be determined for the year ended December 31, 2005 as the current accounting personnel are not familiar with the capital asset computer program. Infrastructure assets (road, bridges, buildings, etc.) have not been reassessed for damages and revalued due to the damages from Hurricane Katrina.

Recommendation:

We recommend that the Parish begin the process of inventorying fixed assets as most of the Parish's fixed assets were either destroyed or damaged by Hurricane Katrina. Capital assets inventories for furniture, equipment, vehicles, should be performed by all departments and fixed asset records should be updated based on those inventories. Infrastructure asset records for buildings, roads, etc. need to be updated and the values of the infrastructure assets should be revised due to damages from Hurricane Katrina. Consideration should be given to contracting an asset valuation company to perform this assessment and revaluation.

Corrective Action Plan:

The Parish Administration is exploring options for contracting a company to revalue all capital assets including infrastructure assets. Inventories have been performed by all departments and the records are being updated currently. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005

4. *Federal Funds*

Observation:

Records were not available relating to most of the federal funds received by the Parish. Expenditures of federal awards could not be determined in many cases and some of the

records appear to have been misplaced or lost after Hurricane Katrina. Also, FEMA federal funds were not recorded in accordance with governmental accounting principles in the general ledger and expenditures could not be determined for the year ended December 31,

2005. OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to each of the federal award programs. As the records were not available for the expenditures of federal awards for the year ended December 31, 2005, we could not determine if the Parish was in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Recommendation:

We recommend that the Parish improve its internal controls over federal award programs. The Parish should consider implementing a grant management accounting system to ensure compliance with federal funds requirements.

Corrective Action Plan:

In April 2006, the Finance Department formed a separate department to handle the accounting and record keeping for the FEMA federal funds. All other departments that have federal expenditures have been notified that records must be maintained for their federal funds. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

5. *Payroll*

Observation:

During our testing of the payroll records of the Parish for the year ended December 31, 2005, we noted the following exceptions:

- We observed several instances in which the number of hours worked per employee timesheets did not agree to the number of hours worked per the payroll sub-ledger.
- We noted several instances in which the department Supervisor's timesheets were not being reviewed and approved.
- We noted that the payroll policy from the first payroll in September 2005 until the payroll ended April 14, 2006 was that firefighters are paid 80 hours straight time and 64 hours overtime for each two week period regardless of the number of hours they worked. Therefore, when we selected individual timesheets, we noted several

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005**

instances where hours worked per employee timesheets did not agree to hours paid per the payroll sub-ledger.

- We noted several instances where the approved pay rate per the human resource personnel file did not agree to the pay rate per the payroll sub-ledger.
- We noted several instances where the only supporting record in the human resource personnel file for temporary workers was an excel spreadsheet.
- We noted several instances where no time sheets were available to document hours worked.

Recommendation:

We recommend that internal controls over payroll be strengthened and that payroll controls be included in any disaster recovery plans of the Parish.

Corrective Action Plan:

The Parish has reviewed its internal controls over payroll. Procedures have been implemented to avoid these problems in the future. The Parish has reviewed the way it hires temporary employees and will develop and follow a more structured payroll policy in the future. Also, an employee has been designated to oversee payroll in emergency situations in the future. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

6. *Water and Sewer Public Works Department*

Observation:

Water and sewer customer records were lost as a result of Hurricane Katrina. Also, the computerized records for the periods prior to August 29, 2005 could not be retrieved; therefore, the records could not be reproduced.

Recommendation:

We recommend that procedures be implemented to prepare for future catastrophic events to avoid the loss of records.

Corrective Action Plan:

The Parish is now in the process of backing up all paper financial records electronically to avoid the loss of records in the future. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005**

7. *Comments from the Office of Inspector General Report*

Observation:

The following reportable conditions relating to non-compliance with Federal requirements, claims for ineligible or unreasonable costs, and other opportunities for improved controls were obtained from a report prepared by the Office of Inspector General (OIG) that is dated November 30, 2006:

- St. Bernard Parish awarded a non-competitive contract for debris removal monitoring activities without performing a cost or price analysis of the contract.
- The State reimbursed St. Bernard Parish for ineligible cuts of hanging branches from trees. A FEMA review reported that nearly 50% of the cuts claimed between December 6, 2005 and February 6, 2006 resulted in questioned costs of \$209,115 reimbursed under project worksheet numbers 2050 and 3078.
- In February 2006, FEMA officials, located in St. Bernard Parish, performed a review of hanger cuts claimed during the period December 6, 2005 through February 6, 2006 and noted 1,677 discrepancies in the number of cuts claimed.
- Costs claimed by the Parish's monitoring contractor were excessive for certain activities related to the monitoring of debris removal. The rates per hour charged by the monitoring contractor officials were not reasonable for the monitoring of work performed. In addition, some of the direct costs claimed appeared to be for general management activities. The review identified unreasonable or duplicative claims in the amount of \$84,600.
- Improvements were needed to the process for handling load tickets for debris removal. The load tickets management process contained an internal control weakness that could allow bogus tickets to be processed without being detected. As a result, inflated invoices could be approved and the contractor could get paid for debris that was not removed from the Parish.
- Visual inspections of individual trucks did not result in accurate judgments of the cubic yards of debris hauled to the temporary landfills.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Corrective Action Plan:

All findings have been investigated by the Parish. Findings that had opportunities for improved controls have been implemented since April 2006. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005

8. *Comments from the Office of Homeland Security Report*

Observation:

The following reportable conditions relating to improper allocation of costs and ineligibility of costs, noncompliance with federal contracting procedures, and accountability for capital asset purchases were obtained from a report prepared by the Office of Homeland Security that is dated September 28, 2006:

- The Parish's accounting system did not meet federal requirements to maintain records for each approved project and that only eligible costs are charged to the project. Title 44, Code of Federal Regulations, 206.205, requires a project-by-project accounting for eligible costs. If not corrected, this method may result in substantial errors in the Parish's final claim for reimbursement.
- The Parish only established one disaster fund account (Number 500) and charged expenditures for different project worksheets to that same account. Further the Parish
- did not identify the project worksheet number or project description for items charged to that account.
- The Parish incorrectly certified as eligible the following costs to justify their expedited funding for project worksheet number 8:
 - a. Vehicle replacement costs of \$1,584,477.
 - b. Direct administrative expenses of more than \$130,000 as part of temporary payroll expenses and \$247,000 as part of their permanent payroll. These costs are not eligible because administrative costs are covered by a statutory administrative allowance under 44 CFR 206.228 (a) (2) (ii).
 - c. Sales taxes of \$249,636 on trailer and mobile home purchases. The State of Louisiana Revised Statutes 47:301(8) provides a sales tax exemption to Parish governments. Therefore, the Parish is not entitled to claim these charges for FEMA reimbursement.
 - d. Payment of \$426,920 for 26 trailers that were not delivered to the Parish Government. Although a refund was received by the Parish from the contractor, the Parish had not made an adjustment in accounting of costs for project worksheet number 8.
- The Parish did not award or administer its large disaster procurements according to federal requirements of 44 CFR 13.36. The Parish has reported costs paid under these contracts as of January 2006 as support for the expedited funding received under project worksheet number 8. Four procurements were selected for review and the following deficiencies included:
 - a. No written contract or similar document prior to delivery of service.
 - b. No cost or price analysis.
 - c. Vague or undefined scope of work and no period of performance.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005**

- d. Ineligible contracting methodology.
 - e. Indefinite pricing.
 - f. No monitoring of contractor performance.
- The Parish did not maintain complete accountability for trailers and mobile homes purchased and included as support for expedited funding received for project worksheet number 8. The Parish's inventory list contained only 591 trailers and mobile homes, whereas payment was made to two contractors for 735 units during the audit period. This leaves 144 units unaccounted for at an estimated cost of more than \$2,490,000.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Corrective Action Plan:

All findings have been investigated by the Parish. Procedures have been implemented to prevent these findings in the future and to ensure that the Parish is in compliance with federal and state laws and regulations. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

9. *Interfund Receivables, Payables, and Transfers*

Observation:

Interfund receivables, payables, and transfers did not balance between funds as of December 31, 2005. We were unable to obtain audit evidence of the activity of these transactions; therefore, we cannot determine the accuracy and appropriateness of these transactions in 2005. As a result, there is a risk that restricted funds may have been spent inappropriately.

Recommendation:

We recommend that interfund transactions be investigated for 2005 and 2006. Interfund receivable, payables, and transfers should be balanced between all funds.

Corrective Action Plan:

As of December 31, 2006, all interfund transactions have been balanced. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

10. *Other General Internal Control Issues*

Observation:

During our audit, we also noted the following additional control issues:

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
DECEMBER 31, 2005**

- The Parish should reevaluate the recordkeeping for Parish vehicles. When testing new vehicles purchased during 2005, we were unable to locate certain vehicles and the person responsible for the vehicle.
- The Parish should reevaluate overtime policies and procedures and essential personnel policies during emergencies.
- The Parish should ensure adjusting journal entries prepared by the Accounting Department are reviewed and approved before posting.
- The Parish should ensure purchasing procedures are being followed. Requisition and purchase orders should be prepared, reviewed, approved before payments are issued. It appears that in some cases, proper procedures were not followed.
- Records appear to have been lost or discarded after Hurricane Katrina.

Recommendation

We recommend that the Parish implement internal controls to improve record keeping for fixed assets, purchasing procedures, overtime monitoring, and accounting procedures. Also, policies should be developed to prevent future loss of documents in the aftermath of catastrophic events in the future.

Corrective Action Plan:

The Administration of the Parish is currently evaluating controls over all areas of Parish Government and ensuring that proper procedures are followed in all departments. The Administration is transitioning all Parish departments to become paperless and to operate in a digital record keeping format. These efforts will ensure that problems that arose in the aftermath of Hurricane Katrina will not reoccur. The contact person is Amy Blanchard, Director of Finance, (504) 278-4255.

Court Exhibit C

From: Kim Owens <kowens@sbsp.net>
To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>

Date: Tuesday, December 22, 2015 10:21AM
Subject: Public Records Request Response (3 of 4)

Ms. James,

Attached are the 2006 financial statements for St. Bernard Parish Government per your request dated 12/15/15.

Thank You,

Kim Owens
Executive Assistant to the President
St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or

entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

SBPG 2006.pdf

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

FINANCIAL REPORT

For the Year Ended December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11/14/07

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2006**

	<u>Page Number</u>
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Assets	3
Statement of Activities	4
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	8
Statement of Revenues, Expenditures, and Changes in Fund Balances	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	11
Proprietary Funds:	
Statement of Net Assets.....	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	14
Statement of Cash Flows	15
Notes to the Financial Statements	17
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	41
Public Works	42
Garbage District No. 1.....	43
Consolidated Fire Protection District No. 1-2.....	44
Library.....	45

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2006**

Page
Number

FINANCIAL SECTION (CONTINUED)

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Notes to the Required Supplementary Information	46
---	----

OTHER SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds:

Fund Descriptions	47
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62

Nonmajor Enterprise Funds:

Fund Descriptions	72
Combining Statement of Net Assets	73
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	74
Combining Statement of Cash Flows	75

Internal Service Funds:

Fund Descriptions	76
Combining Statement of Net Assets	77
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	78
Combining Statement of Cash Flows	79

Schedule of Council Members Compensation	80
--	----

Schedule of Computation of the Ratio of Net Revenues (Excluding Water and Sewer Districts) to Average Annual Debt Service Requirement of Water and Sewer Revenue Bonds	81
--	----

Wireless Emergency 911 Services (Unaudited)	82
---	----

Schedule of Metered Customers (Unaudited)	83
---	----

ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS (CONTINUED)
DECEMBER 31, 2006

Page
Number

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	84
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	85
Schedule of Expenditures of Federal Awards	86
Notes to Schedule of Expenditures of Federal Awards	87
Schedule of Findings and Questioned Costs	88
Summary Schedule of Prior Audit Findings	90
Management's Corrective Action Plan	97

FINANCIAL SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

INDEPENDENT AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. We were not engaged to audit the financial statements of the discretely presented component units, St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court. The St. Bernard Parish Home Mortgage Authority's financial statements reflect total assets of \$472,468, total net assets of \$470,468, and total business-type activities revenue of \$-0-. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements reflect total assets of \$278,936, total net assets of \$268,082, and total governmental activities revenues of \$146,260. The St. Bernard Parish Home Mortgage Authority's financial statements were compiled by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the St. Bernard Home Mortgage Authority, is based on the report of the other auditors. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is based on the report of the other auditors.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses and capital asset balances on the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Parish. Certain required disclosures were omitted from the Notes to the Financial Statements as a result of these inadequate records.

We were unable to obtain audit evidence of the activity of the transactions and resulting receivables and payables between funds. As a result, the accuracy and appropriateness of these inter-fund transactions and balances cannot be determined.

We were unable to obtain responses from certain attorneys as they could not be located as a result of displacement due to Hurricane Katrina.

We were unable to obtain written representations from management of the St. Bernard Parish Government as required by auditing standards generally accepted in the United States of America.

As sufficient competent evidential matter was not available to document and support the accompanying financial statements as a result of the issues described above, and we were not able to apply other auditing procedures to satisfy ourselves as to whether the financial statements are presented in accordance with generally accepted accounting principles, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2007, on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

St. Bernard Parish Government has not presented Management's Discussion and Analysis which is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Budgetary Comparison information and corresponding notes are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our engagement was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Bernard Parish Government's basic financial statements. The combining non-major and internal service fund financial statements, and the supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the St. Bernard Parish Government. As explained in the sixth paragraph of this report, the scope of our work was not sufficient to enable us to express an opinion on the primary government financial statements. Similarly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying Schedule of Federal Awards.

The Wireless Emergency 911 Service supplementary information is not a required part of the basic financial statements but is supplementary information required by the Louisiana Legislative Auditor. We were unable to obtain this information for the year ended December 31, 2006 as a result of the aftermath of Hurricane Katrina.

Rebowe & Company

October 29, 2007

BASIC FINANCIAL STATEMENTS

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary Government			Component Unit Judicial Clerk 34th District	Component Unit Home Mortgage Authority
	Governmental Activities	Business-type Activities	Total		
ASSETS					
Cash and cash equivalents	\$ 13,742,554	\$ 2,673,696	\$ 16,416,250	\$ 216,733	\$ 472,468
Investments	4,817,332	-	4,817,332	-	-
Receivables (net of allowances for uncollectibles)					
Sales taxes	547,451	-	547,451	-	-
Ad valorem taxes	5,572,601	-	5,572,601	-	-
Beer and tobacco taxes	38,677	-	38,677	-	-
Cable franchise fees	7,628	-	7,628	-	-
Customer	-	583,505	583,505	-	-
Intergovernmental	15,639,293	-	15,639,293	-	-
Other	1,653,775	-	1,653,775	-	-
Unbilled charges	-	1,692,515	1,692,515	-	-
Due from other funds	1,277,999	12,872,242	14,150,241	31,359	-
Prepays	(7,272)	14,622	7,350	-	-
Inventory	-	201,645	201,645	-	-
Deferred special assessments	95,254	-	95,254	-	-
Restricted assets - cash and cash equivalents	-	43,923,195	43,923,195	-	-
Restricted assets - receivables	-	174,565	174,565	-	-
Other assets	2,805	-	2,805	-	-
Capital assets (net of accumulated depreciation)	-	36,002,314	36,002,314	30,844	-
Total assets	43,388,097	98,138,299	141,526,396	278,936	472,468
LIABILITIES					
Accounts payable	3,691,573	313,117	4,004,690	10,854	2,000
Claims payable	2,694,023	872,952	3,566,975	-	-
Retainage payable	13,635	-	13,635	-	-
Salaries and payroll deductions payable	762,075	139,479	901,554	-	-
Payable from restricted assets	-	4,142,855	4,142,855	-	-
Due to other funds	12,983,908	1,091,801	14,075,709	-	-
Deferred revenues	169,443	-	169,443	-	-
Accrued interest payable	-	-	-	-	-
Non-current liabilities:					
Due within one year	-	-	-	-	-
Due in more than one year	-	59,003,132	59,003,132	-	-
Total liabilities	20,314,657	65,563,336	85,877,993	10,854	2,000
NET ASSETS					
Invested in capital assets, net of related debt	-	(24,575,812)	(24,575,812)	30,844	-
Restricted for:					
Debt service	(14,710)	483,636	468,926	-	-
Other purposes	2,565,012	13,709,933	16,274,945	-	-
Unrestricted	20,523,138	42,957,206	63,480,344	237,238	470,468
Total net assets	\$ 23,073,440	\$ 32,574,963	\$ 55,648,403	\$ 268,082	\$ 470,468

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Legislative	\$ -	\$ -	\$ 8,957,245	\$ -
Judicial	1,034,326	96,582	-	-
Finance and administration	13,283	-	-	-
Other general government	31,710,165	1,963,660	28,600,762	70,120
Public safety	8,571,976	2,276	101,566	-
Public works	10,080,565	6,592	289,453	1,988,904
Cultural and recreation	2,434,935	(3,750)	135,702	112,143
Health and welfare	1,276,831	206,448	1,781,002	-
Total governmental activities	<u>55,122,081</u>	<u>2,271,808</u>	<u>39,865,730</u>	<u>2,171,167</u>
Business-type activities:				
Water and sewer	7,828,155	2,686,340	210,443	-
Interest on long-term debt	2,808,889	-	-	-
Total business-type activities	<u>10,637,044</u>	<u>2,686,340</u>	<u>210,443</u>	<u>-</u>
Total primary government	<u>\$ 65,759,125</u>	<u>\$ 4,958,148</u>	<u>\$ 40,076,173</u>	<u>\$ 2,171,167</u>
Component units:				
Judicial Clerk of the 34th District	\$ 126,915	\$ 146,260	\$ 119,023	\$ -
Home Mortgage Authority	2,000	-	-	-
Total component units	<u>\$ 128,915</u>	<u>\$ 146,260</u>	<u>\$ 119,023</u>	<u>\$ -</u>

General Revenues:

Taxes:
 Property
 Sales
 Severance
 E telephone
 Other
Grants and contributions not restricted to specific programs
Investment earnings
Other general revenues
Total general revenues

Net (expense) revenue before transfer

Transfer In (Out)

Change in Net Assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Primary Government		Component Unit Judicial Clerk 34th District	Component Unit Home Mortgage Authority
	Business-type Activities	Total		
\$ 8,957,245	\$ -	\$ 8,957,245	\$ -	\$ -
(937,744)	-	(937,744)	-	-
(13,283)	-	(13,283)	-	-
(1,075,623)	-	(1,075,623)	-	-
(8,468,134)	-	(8,468,134)	-	-
(7,795,616)	-	(7,795,616)	-	-
(2,190,840)	-	(2,190,840)	-	-
710,619	-	710,619	-	-
<u>(10,813,376)</u>	<u>-</u>	<u>(10,813,376)</u>	<u>-</u>	<u>-</u>
-	(4,931,372)	(4,931,372)	-	-
-	(2,808,889)	(2,808,889)	-	-
-	<u>(7,740,261)</u>	<u>(7,740,261)</u>	-	-
<u>\$ (10,813,376)</u>	<u>\$ (7,740,261)</u>	<u>\$ (18,553,637)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 138,368	\$ -	\$ 138,368	\$ (126,915)	\$ -
(2,000)	-	(2,000)	-	(2,000)
<u>\$ 136,368</u>	<u>\$ -</u>	<u>\$ 136,368</u>	<u>\$ (126,915)</u>	<u>\$ (2,000)</u>
\$ 10,634,224	\$ 931	\$ 10,635,155	\$ -	\$ -
6,192,114	2,605,950	8,798,064	-	-
750,198	-	750,198	-	-
440,687	-	440,687	-	-
212,138	-	212,138	146,260	-
8,082,186	-	8,082,186	-	-
1,041,233	1,146,155	2,187,388	-	3,770
22,207,618	124,072	22,331,690	119,023	-
<u>49,560,398</u>	<u>3,877,108</u>	<u>53,437,506</u>	<u>265,283</u>	<u>3,770</u>
38,883,390	(3,863,153)	35,020,237	-	-
<u>(17,916,435)</u>	<u>(1,428,751)</u>	<u>(19,345,186)</u>	<u>-</u>	<u>-</u>
20,966,955	(5,291,904)	15,675,051	138,368	1,770
45,905,383	31,716,362	77,621,745	129,714	468,698
<u>\$ 66,872,338</u>	<u>\$ 26,424,458</u>	<u>\$ 93,296,796</u>	<u>\$ 268,082</u>	<u>\$ 470,468</u>

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
ASSETS			
Cash and cash equivalents	\$ (3,071,662)	\$ (138,996)	\$ (1,065,779)
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Sales taxes	547,451	-	-
Ad valorem taxes	535,138	592,886	592,886
Beer and tobacco taxes	38,677	-	-
Cable franchise fees	7,628	-	-
Intergovernmental	15,092,492	175,223	20,425
Other	-	879,800	(305)
Deferred special assessments	-	-	-
Due from other funds	651,450	294,080	-
Prepays	3,549	2,677	-
Other assets	-	-	-
Total assets	<u>\$ 13,804,723</u>	<u>\$ 1,805,670</u>	<u>\$ (452,773)</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 504,831	\$ 319,109	\$ 946,317
Retainage payable	-	-	-
Salaries and payroll deductions payable	102,181	49,757	21,275
Due to other funds	(4,788)	-	-
Deferred revenues	-	-	-
Total liabilities	<u>602,224</u>	<u>368,866</u>	<u>967,592</u>
Fund balances:			
Reserved for:			
Debt service	-	-	-
Encumbrances	50,587	232,341	2,745
Unreserved, undesignated, reported in:			
General fund	13,151,912	-	-
Special revenue funds	-	1,204,463	(1,423,110)
Debt service funds	-	-	-
Capital projects funds	-	-	-
Total fund balances	<u>13,202,499</u>	<u>1,436,804</u>	<u>(1,420,365)</u>
Total liabilities and fund balances	<u>\$ 13,804,723</u>	<u>\$ 1,805,670</u>	<u>\$ (452,773)</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>Hurricane Katrina</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ (2,163,677)	\$ 1,139,124	\$ (2,567,327)	\$ 8,606,103	\$ 9,929,706	\$ 10,667,492
-	4,550,000	-	-	-	4,550,000
-	-	-	-	-	547,451
1,468,780	1,028,826	-	-	1,354,085	5,572,601
-	-	-	-	-	38,677
-	-	-	-	-	7,628
19,012	(2)	-	-	332,143	15,639,293
(5,235)	-	423,050	-	356,465	1,653,775
-	-	-	-	95,254	95,254
-	-	287,257	-	(4,788)	1,227,999
896	-	-	-	11,087	18,209
-	-	-	-	2,805	2,805
<u>\$ (680,224)</u>	<u>\$ 6,717,948</u>	<u>\$ (1,857,020)</u>	<u>\$ 8,606,103</u>	<u>\$ 12,076,757</u>	<u>\$ 40,021,184</u>
\$ 47,445	\$ -	\$ 265,074	\$ -	\$ 1,575,927	\$ 3,658,703
-	-	-	-	13,635	13,635
370,009	(575)	-	-	219,428	762,075
-	-	12,133,513	-	858,963	12,987,688
-	-	-	-	169,443	169,443
<u>417,454</u>	<u>(575)</u>	<u>12,398,587</u>	<u>-</u>	<u>2,837,396</u>	<u>17,591,544</u>
-	-	-	-	(14,710)	(14,710)
289,276	-	289,276	-	1,700,787	2,565,012
-	-	-	-	-	13,151,912
(1,386,954)	6,718,523	(14,544,883)	8,606,103	3,837,813	3,011,955
-	-	-	-	903,808	903,808
-	-	-	-	2,811,663	2,811,663
<u>(1,097,678)</u>	<u>6,718,523</u>	<u>(14,255,607)</u>	<u>8,606,103</u>	<u>9,239,361</u>	<u>22,429,640</u>
<u>\$ (680,224)</u>	<u>\$ 6,717,948</u>	<u>\$ (1,857,020)</u>	<u>\$ 8,606,103</u>	<u>\$ 12,076,757</u>	<u>\$ 40,021,184</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006**

Total fund balances at December 31, 2006 - Governmental Funds		\$ 22,429,640
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	\$ -	
Less accumulated depreciation	-	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		-
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	-	
Accrued interest payable	-	-
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		643,800
Net assets of governmental activities at December 31, 2006		\$ 23,073,440

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
REVENUES			
Taxes:			
Ad valorem	\$ 968,514	\$ 1,310,328	\$ 1,310,326
Sales and use	6,192,114	-	-
Other taxes, penalties, interest, etc.	767,592	2,447	2,447
Licenses and permits	501,453	-	-
Intergovernmental:			
Federal grants	29,830,221	39,247	-
State funds:			
Parish transportation funds	-	403,496	-
State revenue sharing (net)	2,280	23,227	23,227
Other	1,129,570	1,779,909	-
Fees, charges, and commissions for services	398,904	4,806	-
Fines and forfeitures	2	-	-
Use of money and property	(27,147)	(14,640)	(34,345)
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	330,594	7,544	-
Total revenues	<u>40,094,097</u>	<u>3,556,364</u>	<u>1,301,655</u>
EXPENDITURES			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	-	-	-
Other general government	8,478,278	-	-
Public safety	-	-	-
Public works	-	4,392,483	5,130,359
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	177,891	52,049	-
Total expenditures	<u>8,656,169</u>	<u>4,444,532</u>	<u>5,130,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,437,928</u>	<u>(888,168)</u>	<u>(3,828,704)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,834,543	1,504,054	2,281,537
Transfers out	(20,660,124)	(144,080)	-
Total other financing sources (uses)	<u>(18,825,581)</u>	<u>1,359,974</u>	<u>2,281,537</u>
Net change in fund balances	12,612,347	471,806	(1,547,167)
Fund balances - beginning	<u>590,152</u>	<u>964,998</u>	<u>126,802</u>
Fund balances - ending	<u>\$ 13,202,499</u>	<u>\$ 1,436,804</u>	<u>\$ (1,420,365)</u>

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

<u>Consolidated Fire Protection District No. 1-2</u>	<u>Library</u>	<u>Hurricane Katrina</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,252,737	\$ 763,402	\$ -	\$ -	\$ 3,028,917	\$ 10,634,224
-	-	-	-	-	6,192,114
201,274	-	-	-	300,409	1,274,169
-	-	-	-	199,711	701,164
79,217	-	9,003,987	-	13,556,229	52,508,901
-	-	-	-	418,481	821,977
22,349	74,685	-	-	26,600	172,368
-	21,961	-	-	717,476	3,648,916
555	-	-	-	74,936	479,201
-	-	-	-	195,319	195,321
(161,359)	204,034	-	384,510	642,196	993,249
-	-	-	-	24,658	24,658
-	1,450	-	-	-	1,450
46,368	8,469	-	5,635,242	9,105,845	15,134,062
<u>3,441,141</u>	<u>1,074,001</u>	<u>9,003,987</u>	<u>6,019,752</u>	<u>28,290,777</u>	<u>92,781,774</u>
-	-	-	-	1,034,326	1,034,326
-	-	-	-	13,283	13,283
-	-	9,698,823	-	12,256,701	30,433,802
8,362,209	-	-	-	209,767	8,571,976
-	-	-	-	557,723	10,080,565
-	138,369	-	-	2,296,566	2,434,935
-	-	-	-	1,276,831	1,276,831
-	-	-	-	998,172	998,172
-	-	-	-	479,674	479,674
18,040	1,336	4,252,810	-	1,505,478	6,007,604
<u>8,380,249</u>	<u>139,705</u>	<u>13,951,633</u>	<u>-</u>	<u>20,628,521</u>	<u>61,331,168</u>
<u>(4,939,108)</u>	<u>934,296</u>	<u>(4,947,646)</u>	<u>6,019,752</u>	<u>7,662,256</u>	<u>31,450,606</u>
3,733,750	-	1,668,961	-	1,591,698	12,614,543
2,802	-	(834,745)	-	(8,935,323)	(30,571,470)
<u>3,736,552</u>	<u>-</u>	<u>834,216</u>	<u>-</u>	<u>(7,343,625)</u>	<u>(17,956,927)</u>
(1,202,556)	934,296	(4,113,430)	6,019,752	318,631	13,493,679
104,878	5,784,227	(10,142,177)	2,586,351	8,920,728	8,935,959
<u>\$ (1,097,678)</u>	<u>\$ 6,718,523</u>	<u>\$ (14,255,607)</u>	<u>\$ 8,606,103</u>	<u>\$ 9,239,359</u>	<u>\$ 22,429,638</u>

**ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

Net change in fund balances - total governmental funds	\$ 13,493,679
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	-
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(148,544)</u>
Change in net assets of governmental activities	<u>\$ 13,345,135</u>

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,796,332	\$ -	\$ 1,796,332	\$ 3,952,426
Investments	-	-	-	267,332
Customer receivables (net of allowance for doubtful accounts of \$283,060)	583,505	-	583,505	-
Unbilled charges	1,692,515	-	1,692,515	-
Due from other funds	12,876,022	-	12,876,022	46,220
Prepays	23,898	-	23,898	(34,757)
Inventory	201,645	-	201,645	-
Restricted Assets:				
Cash and cash equivalents:				
Revenue bond debt service reserve	144,717	-	144,717	-
Revenue bond debt service account	300,800	-	300,800	-
Capital renewal and replacement and system improvements accounts	844,769	-	844,769	-
Sales tax bond debt service reserve	1,008,843	-	1,008,843	-
Sales tax bond debt service account	36,081,101	-	36,081,101	-
Construction fund	-	-	-	-
Inflow and infiltration	3,878,877	-	3,878,877	-
Other debt service accounts	687,101	336,334	1,023,435	-
Customer meter deposits	640,653	-	640,653	-
Sales tax receivable	-	-	-	-
Interest Receivable	174,565	-	174,565	-
Total restricted assets	<u>43,761,426</u>	<u>336,334</u>	<u>44,097,760</u>	<u>-</u>
Total current assets	<u>60,935,343</u>	<u>336,334</u>	<u>61,271,677</u>	<u>4,231,221</u>
Capital assets (net of accumulated depreciation)	<u>36,002,314</u>	<u>-</u>	<u>36,002,314</u>	<u>-</u>
Total assets	<u>\$ 96,937,657</u>	<u>\$ 336,334</u>	<u>\$ 97,273,991</u>	<u>\$ 4,231,221</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 308,141	\$ -	\$ 308,141	\$ 37,846
Self insurance claims payable	4,700	-	4,700	3,562,275
Salaries payable	139,479	-	139,479	-
Due to other funds	1,091,801	-	1,091,801	(3,780)
Total current liabilities	<u>1,544,121</u>	<u>-</u>	<u>1,544,121</u>	<u>3,596,341</u>
Current liabilities payable from restricted assets:				
Bonds payable, net of unamortized debt expense	1,574,994	-	1,574,994	-
Accrued vacation leave	112,927	-	112,927	-
Accrued interest payable	596,204	-	596,204	-
Customer deposits	1,457,289	-	1,457,289	-
Inspection deposits	13,300	-	13,300	-
Retainage payable	388,141	-	388,141	-
Total current liabilities payable from restricted assets	<u>4,142,855</u>	<u>-</u>	<u>4,142,855</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	59,003,132	-	59,003,132	-
Total noncurrent liabilities	<u>59,003,132</u>	<u>-</u>	<u>59,003,132</u>	<u>-</u>
Total liabilities	<u>64,690,108</u>	<u>-</u>	<u>64,690,108</u>	<u>3,596,341</u>
NET ASSETS				
Invested in capital assets, net of related debt	(24,575,812)	-	(24,575,812)	-
Restricted for:				
Capital renewal and replacement and system improvements	9,290,398	-	9,290,398	-
Debt service	147,302	336,334	483,636	-
Inflow and infiltration	125,107	-	125,107	-
Self insurance	-	-	-	634,880
Construction	4,294,428	-	4,294,428	-
Unrestricted	42,966,126	-	42,966,126	-
Total net assets	<u>\$ 32,247,549</u>	<u>\$ 336,334</u>	<u>32,583,883</u>	<u>\$ 634,880</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			-	
Net assets of business-type activities			<u>\$ 32,583,883</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for service	\$ 2,686,340	\$ -	\$ 2,686,340	\$ 1,001,577
Other operating revenues	124,072	-	124,072	37,026
Total operating revenues	<u>2,810,412</u>	<u>-</u>	<u>2,810,412</u>	<u>1,038,603</u>
OPERATING EXPENSES				
Personal services and related benefits	2,474,096	-	2,474,096	18,394
Utilities	439,074	-	439,074	-
Contractual services, supplies, and materials	667,818	-	667,818	-
Professional services	1,565,196	-	1,565,196	64,960
Insurance premiums	-	-	-	1,151,487
Insurance and claims expense	350,849	-	350,849	210,435
Other	2,027,364	-	2,027,364	10,834
Total operating expenses	<u>7,524,397</u>	<u>-</u>	<u>7,524,397</u>	<u>1,456,110</u>
Operating loss	<u>(4,713,985)</u>	<u>-</u>	<u>(4,713,985)</u>	<u>(417,507)</u>
NONOPERATING REVENUES (EXPENSES)				
Sales tax	2,605,950	-	2,605,950	-
Ad valorem tax for debt retirement	-	931	931	-
Interest earnings:				
Restricted assets	1,107,793	5,813	1,113,606	-
Current assets	-	-	-	121,765
Interest expense and bank fees	(2,808,889)	-	(2,808,889)	-
Federal grants	210,443	-	210,443	-
Other nonoperating revenues	4,772	-	4,772	-
Deductions from taxes	(125,727)	1,716	(124,011)	-
Total nonoperating revenues (expenses)	<u>994,342</u>	<u>8,460</u>	<u>1,002,802</u>	<u>121,765</u>
Income (loss) before transfers	<u>(3,719,643)</u>	<u>8,460</u>	<u>(3,711,183)</u>	<u>(295,742)</u>
Transfers in	12,011,712	-	12,011,712	5,000
Transfers out	<u>(9,101,133)</u>	<u>-</u>	<u>(9,101,133)</u>	<u>(5,000)</u>
Change in net assets	<u>(809,064)</u>	<u>8,460</u>	<u>(800,604)</u>	<u>(295,742)</u>
Total net assets - beginning	<u>33,056,613</u>	<u>327,874</u>		<u>930,622</u>
Total net assets - ending	<u>\$ 32,247,549</u>	<u>\$ 336,334</u>		<u>\$ 634,880</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(147,198)</u>	
Change in net assets of business-type activities			<u>\$ (947,802)</u>	

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

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 6,174,864	\$ -	\$ 6,174,864	\$ 1,032,346
Payments to suppliers	(2,860,605)	-	(2,860,605)	(1,749,539)
Payments to employees	(3,137,746)	-	(3,137,746)	-
Other operating payments	(3,926,110)	-	(3,926,110)	(1,305,671)
Receipts from and payments for interfund services	(8,961,956)	-	(8,961,956)	1,431,730
Net cash provided (used) by operating activities	<u>(12,711,553)</u>	<u>-</u>	<u>(12,711,553)</u>	<u>(591,134)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Receipts from ad valorem taxes - debt retirement	-	2,647	2,647	-
Payments for deductions for taxes	(160,879)	-	(160,879)	-
Receipts from sales tax	3,037,940	-	3,037,940	-
Proceeds from federal grants	57,321	-	57,321	-
Acquisition and construction of capital assets	-	-	-	-
Proceeds from issuance of capital debt	-	-	-	-
Principal paid on capital debt	-	-	-	-
Interest paid on capital debt	(4,056,462)	-	(4,056,462)	-
Net cash provided (used) by capital and related financing activities	<u>(1,122,080)</u>	<u>2,647</u>	<u>(1,119,433)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investments	-	-	-	47,728
Interest on cash management activities	469,580	5,813	475,393	121,765
Net cash provided by investing activities	<u>469,580</u>	<u>5,813</u>	<u>475,393</u>	<u>169,493</u>
Net increase (decrease) in cash and cash equivalents	(13,364,053)	8,460	(13,355,593)	(421,641)
Cash and cash equivalents - beginning	<u>58,747,246</u>	<u>327,874</u>	<u>59,075,120</u>	<u>4,374,067</u>
Cash and cash equivalents - ending	<u>\$ 45,383,193</u>	<u>\$ 336,334</u>	<u>\$ 45,719,527</u>	<u>\$ 3,952,426</u>

(Continued)

**ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
Classified as:				
Cash and cash equivalents	\$ 1,796,332	\$ -	\$ 1,796,332	\$ 3,952,426
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	144,717	-	144,717	-
Revenue bond debt service account	300,800	-	300,800	-
Capital renewal and replacement and system improvements accounts	844,769	-	844,769	-
Sales tax bond debt service reserve	1,008,843	-	1,008,843	-
Sales tax bond debt service account	36,081,101	-	36,081,101	-
Construction fund	-	-	-	-
Inflow and infiltration	3,878,877	-	3,878,877	-
Other debt service accounts	687,101	336,334	1,023,435	-
Customer meter deposits	640,653	-	640,653	-
Totals	<u>\$ 45,383,193</u>	<u>\$ 336,334</u>	<u>\$ 45,719,527</u>	<u>\$ 3,952,426</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (4,713,985)	\$ -	\$ (4,713,985)	\$ (417,507)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	-	-	-	-
(Increase) decrease in receivables	1,183	-	1,183	-
(Increase) decrease in unbilled charges	190,794	-	190,794	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expenses	(11,608)	-	(11,608)	111,508
(Increase) decrease in due to (from) other funds	(10,467,956)	-	(10,467,956)	(18,605)
Increase (decrease) in accounts payable and other accruals	2,287,200	-	2,287,200	(266,530)
Increase (decrease) in customer deposits	7,519	-	7,519	-
Decrease in self insurance claims payable	(4,700)	-	(4,700)	-
Total adjustments	<u>(7,997,568)</u>	<u>-</u>	<u>(7,997,568)</u>	<u>(173,627)</u>
Net cash provided (used) by operating activities	<u><u>\$(12,711,553)</u></u>	<u><u>\$ -</u></u>	<u><u>\$(12,711,553)</u></u>	<u><u>\$ (591,134)</u></u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

a) Financial Reporting Entity

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criteria are as follows:

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

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

	Fiscal Year <u>End</u>	<u>Criteria Used</u>
St. Bernard Parish Library	December 31	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1
St. Bernard Parish Economic Development	December 31	2
Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court	December 31	3

The basic financial statements of the Primary Government include all funds and organizations for which the Parish government maintains the accounting records. The organizations for which the Parish government maintains the accounting records are considered part of the primary government and include the Thirty-Fourth Judicial District Criminal Court Fund.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Blended Component Units

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

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

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The statute declared the Commission to be a body politic and political subdivision of the State of Louisiana. It also gave the Commission the power to tax, incur debt, and issue bonds. The powers of the Commission were exercised within the boundaries of St. Bernard Parish. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission was composed of seven members representing the participating entities and assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities. On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the "Division"). The Commission was abolished and the Parish Council assumed all rights, revenues, resources, authority, and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each District retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes. Because the Parish government is the governing board of the Districts, the Districts are considered to be component units of the St. Bernard Parish Government. The Division consists of two water plants that monitor and maintain 110 sewer lift stations. It also operates four sewerage treatment plants, one sewerage oxidation pond, and two sewerage treatment package plants.

Discretely Presented Component Unit

The component unit columns in the combined basic financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. As of March 31, 2007, all bonds of the Authority have been defeased or paid off in full. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which are empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Financial Reporting Entity (Continued)

Discretely Presented Component Unit (Continued)

designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate compiled financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2007. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs, or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith. The Judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the District Court. In like manner, the Judges, en banc, may utilize the moneys in the District Court to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

Separate audited financial reports prepared by Durmin & James, CPAs containing additional information that may be required of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court and more detailed information regarding operational results are available from the Parish for the year ended December 31, 2006. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

Related Organizations

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

b) Basis of Presentation

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

following subsequent private-sector guidance for the business-type activities and enterprise funds, subject to the same limitation. The Parish government has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

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

FUND FINANCIAL STATEMENTS:

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

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

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

General Fund - The General Fund is the principal fund of the Parish government and is used to account for all activities of the Parish government except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the Parish government. The four special revenue funds reported as major funds in the fund financial statements are as follows:

The Public Works Fund is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program). Revenues of this fund are substantially derived from the Parish Transportation Fund, Parish Road Royalty Fund, and a Parish ad valorem tax.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Basis of Presentation (Continued)

FUND FINANCIAL STATEMENTS (Continued):

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

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

The *Hurricane Katrina Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. The capital projects fund reported as a major fund in the fund financial statements is as follows:

The *Hurricane Reconstruction Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements are as follows:

The *Water and Sewer Division Fund* is used to account for the water and sewerage operation of the Parish and the Districts. Revenues are derived from user fees and a 1/2% sales tax.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the same government or to other governments or not-for-profit associations on a cost reimbursement basis. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

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

FUND FINANCIAL STATEMENTS:

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

"Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

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

d) Budgetary Accounting

The St. Bernard Parish Government adopted annual budgets for the General Fund, all Special Revenue Funds except for the Hurricane Katrina Fund, Capital Project Funds, Debt Service Funds, and the Enterprise Funds. Budgets for the general fund and all major special revenue funds except for the Hurricane Katrina Fund are included in the financial statements. The budgets are prepared on the modified accrual basis of accounting. Budgets for the Nonmajor Special Revenue Funds, Capital Project Funds, Debt Service Funds, and Enterprise Funds are used as a management tool only and are not included in the financial statements. All appropriations except an appropriation for a capital expenditure will

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Budgetary Accounting (Continued)

lapse at year end to the extent that they have not been expended or encumbered. The Parish President is authorized to transfer amounts between line items within any fund. Budget amounts included in basic financial statements include the original adopted budget and all subsequent revisions.

e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

For purposes of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit with maturities less than or equal to one year.

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

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

RESTRICTED ASSETS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

INTERFUND RECEIVABLES AND PAYABLES

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

CAPITAL ASSETS

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

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

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

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

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

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

DEFERRED REVENUES

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

LIABILITY FOR CLAIMS AND JUDGMENTS

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LIABILITY FOR CLAIMS AND JUDGMENTS (Continued)

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

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

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2006.

LONG-TERM DEBT

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

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

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, Versailles Industrial Park Project special assessments, 1996 Public Improvement Bonds, 1997 General Obligation Bonds, and the 2003 Sales Tax Bond issues. The cost of issuance on the 2002 Certificates of Indebtedness of \$7,846 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the Versailles Industrial Park Project special assessments of \$20,000 is amortized using the straight-line method over the 9-year life of the bond. The cost of issuance on the 1996 Public Improvement Bonds of \$35,309 is amortized using the straight-line method over the 10-year life of the bond. The cost of issuance on the 1997 General Obligation Bonds of \$6,166 is amortized using the straight-line method over the 13-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2006 was \$-0-.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 1994 and 2001 Revenue Bond Issues and the 1999 and 2004 Sales Tax Bond Issues. The cost of issuance on the 1994 Revenue Bond Issue of

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued)

\$266,655 was amortized using the straight-line method over the 12.3-year life of the bond until it was refunded in August 2004. The remaining unamortized costs of \$43,241 on the 1994 Revenue Bond Issue were deferred and amortized using the straight-line method over the 2 year remaining life of bonds. The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The cost of the issuance on the 2004 Sales Tax Bond Issue of \$601,585 is amortized using the straight-line method over the 20-year life of the bond. Unamortized debt expense of Sewer District No. 2 is comprised of costs associated with the 1991 General Obligation Refunding Bond Issue. The cost of issuance on the 1991 General Obligation Bond Issue of \$147,300 is amortized using the straight-line method over the 13.5-year life of the bond. The bond premium on the 2004 Sales Tax Bonds of \$1,473,837 is amortized using the straight-line method over the 20-year life of the bond. Total amortization expense for the year ended December 31, 2006 was \$-0-.

COMPENSATED ABSENCES

Substantially all employees of the Parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. Substantially all employees of the Parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days. All accumulated sick leave lapses upon termination or retirement except as noted below.

The only leave benefits which require accrual under generally accepted accounting principles are for the Parish government fire department and employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division.

Fire department employees may be paid out for their accrued vacation upon retirement or termination. Reimbursement of annual leave accrual is limited to 1,200 hours. Firefighters can get paid up to 1/3 of their accumulated sick pay upon termination. According to L.R.S. 33:1995, firemen employed by the Parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks. At December 31, 2006, the accrued vacation was \$1,884 for governmental activities.

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2006, the accrued vacation was \$112,927 for business-type activities.

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

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

NET ASSETS

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

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

ACCOUNTING ESTIMATES

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a) Budgets

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$14,051,751 at December 31, 2006. Management has elected to omit the information required by Governmental Accounting Standards Board ("GASB") Statement No. 40, *Deposit and Investment Risk Disclosures* as information is not available due to the aftermath of Hurricane Katrina.

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

NOTE 4- SALES TAX

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

On November 2, 1998, the Citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the sales tax must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damages caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

NOTE 5- AD VALOREM TAX

The Parish has elected to omit information relating to ad valorem tax due to the aftermath of Hurricane Katrina.

NOTE 6 - ALLOWANCE FOR UNCOLLECTIBLES

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

Governmental funds:	
General Fund	\$ 61,510
Public Works	68,148
Garbage District No. 1	68,148
Consolidated Fire Protection District No. 1-2	168,825
Library	32,578
Non-major governmental funds	448,860
Business-type funds:	
Water and Sewer Division	283,060
Nonmajor business-type funds	-
Total allowance for uncollectibles	<u>\$ 851,796</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 7 - CAPITAL ASSETS

Capital asset activity of the primary government for the year ended December 31, 2006, was as follows:

	<u>12/31/2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2006</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,300,089	\$ -	\$ -	\$ 5,300,089
Construction in progress	<u>819,598</u>	<u>-</u>	<u>-</u>	<u>819,598</u>
Total capital assets not being depreciated	<u>6,119,687</u>	<u>-</u>	<u>-</u>	<u>6,119,687</u>
Capital assets being depreciated:				
Land improvements	12,791	-	-	12,791
Buildings and building improvements	28,230,689	-	-	28,230,689
Furniture, fixtures, and equipment	2,724,176	-	-	2,724,176
Machinery and equipment	9,501,343	-	-	9,501,343
Road system	60,206,922	-	-	60,206,922
Bridges	<u>1,583,445</u>	<u>-</u>	<u>-</u>	<u>1,583,445</u>
Total capital assets being depreciated	<u>102,259,366</u>	<u>-</u>	<u>-</u>	<u>102,259,366</u>
Less accumulated depreciation	<u>62,621,792</u>	<u>-</u>	<u>-</u>	<u>62,621,792</u>
Total capital assets being depreciated, net	<u>39,637,574</u>	<u>-</u>	<u>-</u>	<u>39,637,574</u>
Total governmental activities capital assets, net	<u>\$ 45,757,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,757,261</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>7,595,035</u>	<u>-</u>	<u>-</u>	<u>7,595,035</u>
Total capital assets not being depreciated	<u>7,772,321</u>	<u>-</u>	<u>-</u>	<u>7,772,321</u>
Capital assets being depreciated:				
Buildings	61,433,091	-	-	61,433,091
Furniture, fixtures, and equipment	149,034	-	-	149,034
Machinery and equipment	1,394,063	-	-	1,394,063
Pipeline system	<u>57,909,875</u>	<u>-</u>	<u>-</u>	<u>57,909,875</u>
Total capital assets being depreciated	<u>120,886,063</u>	<u>-</u>	<u>-</u>	<u>120,886,063</u>
Less accumulated depreciation	<u>92,656,070</u>	<u>-</u>	<u>-</u>	<u>92,656,070</u>
Total capital assets being depreciated, net	<u>28,229,993</u>	<u>-</u>	<u>-</u>	<u>28,229,993</u>
Total business-type activities capital assets, net	<u>\$ 36,002,314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,002,314</u>

Sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support account balances for capital assets.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT

Primary Government

1) Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2006:

	Balance 1/1/2006	Additions	Reductions	Premium/ (Discount)	Balance 12/31/2006	Due Within One Year
Governmental Activities						
Certificates of indebtedness	\$ 210,000	\$ -	\$ (105,000)	\$ -	\$ 105,000	\$ 105,000
Sales tax bonds	5,515,000	-	(570,000)	-	4,945,000	220,000
General obligation bonds	1,565,000	-	(285,000)	-	1,280,000	295,000
Special assessment	<u>38,173</u>	-	<u>(38,173)</u>	-	-	-
Total per fund financials	7,328,173	-	(998,173)	-	6,330,000	620,000
Less: deferred issuance costs	<u>(81,847)</u>	-	-	-	<u>(81,847)</u>	-
Total bonds payable, net of deferred issuance costs	7,246,326	-	-	-	6,248,153	620,000
Compensated absences	<u>964,213</u>	-	-	-	<u>964,213</u>	-
Total governmental activities	<u>\$ 8,210,539</u>	<u>\$ -</u>	<u>\$ (998,173)</u>	<u>\$ -</u>	<u>\$ 7,212,366</u>	<u>\$ 620,000</u>
Business-type Activities						
Revenue bonds	\$ 665,000	\$ -	\$ (75,000)	\$ -	\$ 590,000	\$ 110,000
Sales tax bonds	58,338,132	-	(1,760,000)	-	56,578,132	2,210,000
General obligation bonds	-	-	-	-	-	-
Total bonds payable	<u>59,003,132</u>	-	<u>(1,835,000)</u>	-	<u>57,168,132</u>	<u>2,320,000</u>
Less: deferred issuance costs	<u>(688,920)</u>	-	-	-	<u>(688,920)</u>	-
Total bonds payable, net of deferred issuance costs	58,314,212	-	(1,835,000)	-	56,479,212	2,320,000
Compensated absences	<u>112,927</u>	-	-	-	<u>112,927</u>	-
Total business-type activities	<u>\$ 58,427,139</u>	<u>\$ -</u>	<u>\$ (1,835,000)</u>	<u>\$ -</u>	<u>\$ 56,592,139</u>	<u>\$ 2,320,000</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

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

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2006:

	Interest Rate	Issue Date	Final Maturity Date	Original Issue	Outstanding
Governmental Activities:					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 105,000
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	4,945,000
2005 General obligation bonds	2.70	08/09/2005	02/01/2010	1,565,000	1,280,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	381,721	-
Total governmental activities				<u>9,416,721</u>	<u>6,330,000</u>
Business-type Activities:					
<u>Revenue bonds</u>					
Water and Sewer Division:					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	950,000	590,000
<u>Sales tax bonds</u>					
Water and Sewer Division:					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	9,950,000	7,640,000
2004 Sales tax bonds	4.55	08/01/2004	03/01/2024	50,000,000	47,495,000
Total sales tax bonds				<u>59,950,000</u>	<u>55,135,000</u>
Total business-type activities				<u>60,900,000</u>	<u>55,725,000</u>
Total all certificates, bonds and special assessments				<u>\$ 70,316,721</u>	<u>\$ 62,055,000</u>

3) Debt Service Requirements to Maturity

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

Year Ending December 31,	Principal	Interest	Total
2007	\$ 2,940,000	\$ 2,921,234	\$ 5,861,234
2008	2,960,000	2,785,030	5,745,030
2009	3,100,000	2,653,251	5,753,251
2010	3,245,000	2,524,446	5,769,446
2011-2015	16,040,000	10,490,368	26,530,368
2016-2020	19,070,000	6,120,621	25,190,621
2021-2024	<u>14,700,000</u>	<u>1,463,709</u>	<u>16,163,709</u>
Total	<u>\$ 62,055,000</u>	<u>\$ 28,958,659</u>	<u>\$ 91,013,659</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

4) Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2006 was \$105,000.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2006 was \$4,945,000.

On December 1, 1997 the 1997 General Obligation Bonds were issued for the purpose of refunding the 1990 General Obligation Bonds. The interest rate on the bonds is 4.75% and the bonds mature on February 1, 2010 with payments due in annual principal installments from \$95,000 to \$540,000. The balance outstanding at December 31, 2006 was \$1,280,000.

On October 24, 1997 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of financing public improvements deemed to benefit the properties against which the costs are assessed. The costs of the project are estimated and property owners are assessed their proportionate share. The property owner either pays the assessment within 60 days or over a 10-year period. Interest is charged on the unpaid assessments at the rate of 6.25%. The interest rate on the bonds is 5.23% and the bonds mature on October 1, 2006 with payments due in annual principal installments of \$38,172. The balance outstanding at December 31, 2006 was \$-0-

5) Proprietary Fund Revenue Bonds

On April 1, 1994, \$7,195,000 of the 1986 Revenue Bonds was defeased. As a result of the defeasance, \$7,950,000 of Series 1994 Revenue Refunding Bonds was issued in 1994. The interest rate on the new bonds ranges from 4.65% to 5.2%, and the bonds mature on August 1, 2006 with debt service payments due in annual principal installments from \$735,000 to \$940,000. On August 1, 2004, \$1,835,000 of the 1994 Revenue Bonds was defeased.

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2006 was \$590,000.

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

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

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

5) Proprietary Fund Revenue Bonds (Continued)

outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2006, was 8.72 to 1.

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

- a) A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- b) A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- c) A renewal and replacement account with monthly deposits of 5% of the prior month's operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained these accounts, and at December 31, 2006, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$144,717, \$300,800, and \$844,769, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

6) Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2006 was \$7,640,000.

On August 1, 2004, \$50,000,000 of the 2004 Sales Tax Bonds was issued at a premium of \$1,473,837. The interest rate on the bonds is 4.55%, and the bonds mature on March 1, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2006 was \$47,495,000.

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

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

- a) A debt service account with monthly deposits of one-twelfth of the principal falling due on the next principal payment date and one-sixth of the interest falling due on the next interest payment date.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

6) Proprietary Fund Sales Tax Bonds (Continued)

- b) A debt service reserve account equal to the lesser of a) 10% of the original proceeds or b) the maximum principal and interest requirements for any succeeding bond year.

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

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

The Division has established and maintained these accounts, and at December 31, 2006, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$36,081,101, \$1,008,843, \$3,878,877 and \$-0-, respectively. The account balances exceed the minimum requirements of the bond indentures.

7) Proprietary Fund Public Improvement and General Obligation Bonds

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes. The bonds were issued to construct improvements and extensions to the sewerage systems. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2006 was \$-0-.

8) Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2006, the customer meter deposits cash account had a balance of \$640,653 and meter liability of \$1,457,289.

9) Current Year's Defeasance of Debt

On August 1, 2004, the Division issued \$50,000,000 in Sales Tax Bonds, Series 2004 with the interest rate of 4.55% of which a portion was to advance refund \$1,835,000 of outstanding Series 1994 Revenue Refunding Bonds with the interest rate of 4.80-5.20%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Series 1994 Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed.

10) Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,285,000.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

Primary Government (Continued)

10) Prior Years' Defeasance of Debt (Continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2006, the amount of defeased debt outstanding but removed from the financial statements amounted to \$4,670,000.

NOTE 9 - OPERATING LEASES

The Water and Sewer Division ended its lease agreement for a belt press located at the Dravo Wastewater Treatment Plant in February 2004. Total rental expense for the year ended December 31, 2006 was \$10,400. The Water and Sewer Division receives lease income under the following agreements:

<u>Lease</u>	<u>Yearly Income</u>	<u>Lease Period</u>	<u>Beginning Date</u>	<u>Option</u>
Right-of-way agreement	\$ 2,500	10 years	September 1, 1995	Additional 10 year term
Tower lease #1	6,000	5 years	August 9, 1995	3 additional 5 year terms
Tower lease #2	7,200	5 years	June 26, 1996	3 additional 5 year terms
Tower lease #3	13,800	5 years	August 22, 1996	3 additional 5 year terms
Tower lease #4	13,200	5 years	November 19 1998	4 additional 3 year terms
Tower lease #5	12,500	5 years	July 28, 1998	4 additional 3 year terms
Tower lease #6	9,600	5 years	December 23, 1997	4 additional 3 year terms
Tower lease #7	9,000	5 years	September 7, 2004	4 additional 3 year terms

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2006 was \$73,800. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2007	\$ 51,942
2008	18,000
2009	18,000
2010	12,000
2011	<u>12,000</u>
Total	<u>\$ 111,942</u>

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 10 - INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS

a) The composition of due to/from other funds as of December 31, 2006, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Water and Sewer Division	\$ 651,450
Public Works	Non-major Governmental Funds	294,080
Water and Sewer Division	Non-major Governmental Funds	450,516
	Water and Sewer Division	7,255
Library Fund	Water and Sewer Division	287,257
Non-major Governmental Funds	General Fund	4,788
Non-major Business-type Funds	Water and Sewer Division	481,675
	Non-major Business-type Funds	671,765
Internal Service Funds	Water and Sewer Division	25,000
	Non-major Governmental Funds	53,800
	Internal Service Funds	3,780
		<u>\$ 2,931,366</u>

b) The composition of interfund transfers as of December 31, 2006, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
--------------------	---------------------	---------------

Information Unavailable

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2006 was \$12,168,687 (which includes a parish payroll of \$10,026,040 and Water and Sewer Division payroll of \$2,142,647).

a) Parochial Employees' Retirement System

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

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.50% of their annual-covered salary. Employer contributions are actuarially determined every fiscal year according to statutory process. The current rate is 11.75% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2006, 2005 and 2004 were \$830,937, \$1,105,116, and \$1,075,827, respectively, equal to the required contributions for each year. For the year ended December 31, 2006, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$2,142,647. The Water and Sewer Division's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$251,761, \$307,441, and \$309,870, respectively, equal to the required contributions for each year.

b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2004, the Parish was paying a rate of 21% of payroll. On July 1, 2004, that rate increased to 24% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$548,234, \$826,728, and \$930,875, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 3.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish began contributing to the Plan July 1, 2004. The Parish's contributions to the System for the years ended December 31, 2006, 2005, and 2004 were \$10,455, \$10,560, and \$3,998, respectively, equal to the required contributions for each year.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of year-end, 125 and 28 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT

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

a) Governmental Activities

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. Two independent insurance service companies administer the fund.

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

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

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 13 - SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

a) Governmental Activities (Continued)

The following represents a reconciliation of total claims liability:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 2,694,023	\$ 2,064,033	\$ 2,307,380
Plus: provision for incurred claims	-	1,391,390	495,993
Less: claims paid	-	(761,400)	(739,340)
Claims liability at end of year	<u>\$ 2,694,023</u>	<u>\$ 2,694,023</u>	<u>\$ 2,064,033</u>

b) Business-type Activities

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

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

The following represents a reconciliation of total claims liability:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 868,252	\$ 448,078	\$ 692,732
Plus: provision for incurred claims	-	494,778	(123,082)
Less: claims paid	-	(74,604)	(121,572)
Claims liability at end of year	<u>\$ 868,252</u>	<u>\$ 868,252</u>	<u>\$ 448,078</u>

NOTE 14 - CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2006, \$-0- was transferred to the General Fund.

NOTE 15 - ADMINISTRATIVE ORDERS

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

As of December 31, 2006, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2006**

NOTE 15 - ADMINISTRATIVE ORDERS (CONTINUED)

each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2006, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

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

NOTE 17 - LITIGATION

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

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$587,340 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$202,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2006 for which an amount of liability can be estimated is \$629,000 and is not reflected in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES						
Taxes:						
Ad valorem	\$ 968,514	\$ -	\$ 968,514	\$ 164,291	\$ -	\$ 968,514
Sales and use	6,192,114	-	6,192,114	-	-	6,192,114
Other taxes, penalties, interest, etc.	767,592	-	767,592	758,700	-	767,592
Licenses and permits	501,453	-	501,453	232,400	-	501,453
Intergovernmental revenues:						
Federal grants	29,830,221	-	29,830,221	100,000	-	29,830,221
State funds:						
State revenue sharing (net)	2,280	-	2,280	54,000	-	2,280
Other	1,129,570	-	1,129,570	95,000	-	1,129,570
Fees, charges, and commissions						
for services	398,904	-	398,904	1,030,180	-	398,904
Fines and forfeitures	2	-	2	9,000	-	2
Use of money and property	(27,147)	-	(27,147)	1,750	-	(27,147)
Other revenues	330,594	-	330,594	90,500	-	330,594
Total revenues	<u>40,094,097</u>	<u>-</u>	<u>40,094,097</u>	<u>2,535,821</u>	<u>-</u>	<u>40,094,097</u>
EXPENDITURES						
Current:						
General government:						
Deductions by sales tax collector	713,088	-	713,088	100,000	-	(713,088)
Other general government	7,765,190	-	7,765,190	5,154,810	-	(7,765,190)
Capital outlay	177,891	-	177,891	22,474	-	(177,891)
Total expenditures	<u>8,656,169</u>	<u>-</u>	<u>8,656,169</u>	<u>5,278,284</u>	<u>-</u>	<u>(8,656,169)</u>
Excess of revenues over expenditures	<u>31,437,928</u>	<u>-</u>	<u>31,437,928</u>	<u>(2,742,463)</u>	<u>-</u>	<u>31,437,928</u>
OTHER FINANCING SOURCES						
(USES)						
Transfers in	1,834,543	-	1,834,543	-	-	1,834,543
Transfers out	(20,660,124)	-	(20,660,124)	-	-	(20,660,124)
Total other financing sources (uses)	<u>(18,825,581)</u>	<u>-</u>	<u>(18,825,581)</u>	<u>-</u>	<u>-</u>	<u>(18,825,581)</u>
Net change in fund balances	12,612,347	-	12,612,347	(2,742,463)	-	12,612,347
Fund balances - beginning	590,152	-	590,152	14,639,265	-	590,152
Fund balances - ending	<u>\$ 13,202,499</u>	<u>\$ -</u>	<u>\$ 13,202,499</u>	<u>\$ 11,896,802</u>	<u>\$ -</u>	<u>\$ 13,202,499</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,310,328	\$ 176,900	\$ -	\$ 1,310,328
Other taxes, penalties, interest, etc.	2,447	-	-	2,447
Intergovernmental revenues:				
Federal grants	39,247	-	-	39,247
State funds:				
Parish transportation funds	403,496	500,000	-	403,496
State revenue sharing (net)	23,227	50,000	-	23,227
Other	1,779,909	4,000,000	-	1,779,909
Fees, charges, and commissions for services	4,806	-	-	4,806
Use of money and property	(14,640)	-	-	(14,640)
Other revenues	7,544	5,000	-	7,544
Total revenues	<u>3,556,364</u>	<u>4,732,400</u>	<u>-</u>	<u>3,556,364</u>
EXPENDITURES				
Current:				
Public works	4,392,483	3,397,438	-	(4,392,483)
Capital outlay	52,049	255,000	-	(52,049)
Total expenditures	<u>4,444,532</u>	<u>3,652,438</u>	<u>-</u>	<u>(4,444,532)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(888,168)</u>	<u>1,079,962</u>	<u>-</u>	<u>(888,168)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,504,054	-	-	1,504,054
Transfers out	(144,080)	-	-	(144,080)
Total other financing sources (uses)	<u>1,359,974</u>	<u>-</u>	<u>-</u>	<u>1,359,974</u>
Net change in fund balances	471,806	1,079,962	-	471,806
Fund balances - beginning	964,998	-	-	964,998
Fund balances - ending	<u>\$ 1,436,804</u>	<u>\$ 1,079,962</u>	<u>\$ -</u>	<u>\$ 1,436,804</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 1,310,326	\$ 170,000	\$ -	\$ 1,310,326
Other taxes, penalties, interest, etc.	2,447	-	-	2,447
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	23,227	50,000	-	23,227
Use of money and property	(34,345)	-	-	(34,345)
Total revenues	<u>1,301,655</u>	<u>220,000</u>	<u>-</u>	<u>1,301,655</u>
EXPENDITURES				
Current:				
Public works	5,130,359	366,685	-	5,130,359
Total expenditures	<u>5,130,359</u>	<u>366,685</u>	<u>-</u>	<u>5,130,359</u>
Deficiency of revenues under expenditures	<u>(3,828,704)</u>	<u>(146,685)</u>	<u>-</u>	<u>(3,828,704)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,281,537	-	-	2,281,537
Total other financing sources (uses)	<u>2,281,537</u>	<u>-</u>	<u>-</u>	<u>2,281,537</u>
Net change in fund balances	(1,547,167)	(146,685)	-	(1,547,167)
Fund balances - beginning	<u>126,802</u>	<u>-</u>	<u>-</u>	<u>126,802</u>
Fund balances - ending	<u>\$ (1,420,365)</u>	<u>\$ (146,685)</u>	<u>\$ -</u>	<u>\$ (1,420,365)</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 3,252,737	\$ 264,600	\$ -	\$ 3,252,737
Other taxes, penalties, interest, etc.	201,274	161,500	-	201,274
Intergovernmental revenues:				
Federal grants	79,217	-	-	79,217
State funds:				
State revenue sharing (net)	22,349	60,000	-	22,349
Fees, charges, and commissions for services	555	1,000	-	555
Use of money and property	(161,359)	5,000	-	(161,359)
Other revenues	46,368	23,500	-	46,368
Total revenues	<u>3,441,141</u>	<u>515,600</u>	<u>-</u>	<u>3,441,141</u>
EXPENDITURES				
Current:				
Public safety	8,362,209	6,153,151	-	(8,362,209)
Capital outlay	18,040	50,000	-	(18,040)
Total expenditures	<u>8,380,249</u>	<u>6,203,151</u>	<u>-</u>	<u>(8,380,249)</u>
Deficiency of revenues under expenditures	<u>(4,939,108)</u>	<u>(5,687,551)</u>	<u>-</u>	<u>(4,939,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,733,750	-	-	3,733,750
Transfers out	2,802	-	-	2,802
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>3,736,552</u>	<u>-</u>	<u>-</u>	<u>3,736,552</u>
Net change in fund balances	(1,202,556)	(5,687,551)	-	(1,202,556)
Fund balances - beginning	104,878	-	-	104,878
Fund balances - ending	<u>\$ (1,097,678)</u>	<u>\$ (5,687,551)</u>	<u>\$ -</u>	<u>\$ (1,097,678)</u>

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

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2006

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 763,402	\$ -	\$ -	\$ 763,402
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)	74,685	-	-	74,685
Other	21,961	-	-	21,961
Use of money and property	204,034	-	-	204,034
Public grants	1,450	-	-	1,450
Other revenues	8,469	-	-	8,469
Total revenues	<u>1,074,001</u>	<u>-</u>	<u>-</u>	<u>1,074,001</u>
EXPENDITURES				
Current:				
Health and welfare	138,369	-	-	(138,369)
Capital outlay	1,336	-	-	(1,336)
Total expenditures	<u>139,705</u>	<u>-</u>	<u>-</u>	<u>(139,705)</u>
Excess of revenues over expenditures	934,296	-	-	934,296
OTHER FINANCING SOURCES (USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	934,296	-	-	934,296
Fund balances - beginning	<u>5,784,227</u>	<u>3,295,000</u>	<u>-</u>	<u>5,784,227</u>
Fund balances - ending	<u>\$ 6,718,523</u>	<u>\$ 3,295,000</u>	<u>\$ -</u>	<u>\$ 6,718,523</u>

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

**ST. BERNARD PARISH GOVERNMENT
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2006**

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 8,656,169	\$ 5,278,284	\$ 3,377,885	64.00
Consolidated Fire Protection				
District No. 1-2	8,380,249	6,203,151	2,177,098	35.10
Water & Sewer Division	10,459,013	8,345,195	2,113,818	25.33
Public Works	4,444,532	3,652,438	792,094	21.69

NOTE 2 - BUDGET PRESENTATION

No budget was prepared for the Hurricane Katrina special revenue fund; therefore, no budget comparison statement is present for this fund.

OTHER SUPPLEMENTAL INFORMATION

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2006**

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Civic Auditorium Fund

This fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center ("Center"). Revenues are derived from fees charged for the use of the Center.

Criminal Court Fund

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

Judicial Court Reporter Fund

This fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

Council on Aging Fund

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

Community Development Fund

This fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

Recreation Fund

This fund is used to account for the maintenance and operations of the recreation facilities within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Road Lighting District No. 1 Fund

This fund is used to account for the maintenance of the lighting facilities of the roads, alleys, and public places within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Workforce Investment Act Fund

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

District Attorney General Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Special Revenue Funds (Continued)

Health Fund

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

Communications Fund

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

Housing Voucher Program Fund

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

Contingency Criminal Court "A" Fund

This fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Human Resources Fund

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

Urban Mass Transportation Administration Fund

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

Environmental Mitigation Fund

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

Deputy Witness Fee Fund

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

Weatherization Fund

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

Low Income Home Energy Assistance Program Fund

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

Day Care Fund

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

Federal Emergency Management Assistance Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Debt Service Funds

Debt service funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

Versailles Industrial Park Sinking Fund

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

Bond Reserve 1977 Fund

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

Bond Reserve 1996 Fund

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

2003 Sales Tax Refunding Fund

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

1990 and 1997 General Obligation Bond Fund

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

Public Improvement Bonds Series 1977 and 1999 Fund

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

Public Improvement Bonds Series A, B, C Fund

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

Community Disaster Loan Fund

This fund is used to accumulated monies for the repayment of the Community Disaster Loan. This loan has no payments due at December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Capital Projects Funds

The capital projects funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for proprietary funds.

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

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

Urban System Roadway Reconstruction Fund

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

Capital Projects Fund

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

Drainage and Siphon Fund

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

Courthouse Capital Fund

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

2003 Sales Tax Bond Fund

This fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

911 Communications Construction Fund

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

1990 General Obligation Bond Fund

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

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

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

Road District 1 Project Bond Fund

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

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2006**

Drainage Construction Bonds of 1967 and 1982 Fund

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

Rebuild St. Bernard Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

Permanent Work Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
ASSETS				
Cash and cash equivalents	\$ (51,044)	\$ 210,283	\$ (92,527)	\$ 295,443
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	182,870
Intergovernmental	112,143	-	-	-
Other	-	21,622	5,237	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	807	-	-	-
Other assets	-	1,797	-	-
Total assets	<u>\$ 61,906</u>	<u>\$ 233,702</u>	<u>\$ (87,290)</u>	<u>\$ 478,313</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,989	\$ 75,000	\$ 23,692	\$ -
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	2,416	-	8,654	(87)
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>7,405</u>	<u>75,000</u>	<u>32,346</u>	<u>(87)</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	54,501	158,702	(119,636)	478,400
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>54,501</u>	<u>158,702</u>	<u>(119,636)</u>	<u>478,400</u>
Total liabilities and fund balances	<u>\$ 61,906</u>	<u>\$ 233,702</u>	<u>\$ (87,290)</u>	<u>\$ 478,313</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ (422,303)	\$ (252,758)	\$ (218,961)	\$ 73,324	\$ (263,110)
-	429,044	235,702	-	-
22,333	16,655	8,157	160,122	-
43,424	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	10,280	-	-	-
-	-	-	-	-
<u>\$ (356,546)</u>	<u>\$ 203,221</u>	<u>\$ 24,898</u>	<u>\$ 233,446</u>	<u>\$ (263,110)</u>
\$ 31,854	\$ 25,892	\$ 49,083	\$ 11,441	\$ 40,887
-	-	-	-	-
22,432	11,056	-	117,334	32,407
-	-	-	50,000	-
-	-	-	74,189	-
<u>54,286</u>	<u>36,948</u>	<u>49,083</u>	<u>252,964</u>	<u>73,294</u>
-	-	-	-	-
38,177	-	-	-	-
(449,009)	166,273	(24,185)	(19,518)	(336,404)
-	-	-	-	-
-	-	-	-	-
<u>(410,832)</u>	<u>166,273</u>	<u>(24,185)</u>	<u>(19,518)</u>	<u>(336,404)</u>
<u>\$ (356,546)</u>	<u>\$ 203,221</u>	<u>\$ 24,898</u>	<u>\$ 233,446</u>	<u>\$ (263,110)</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
ASSETS				
Cash and cash equivalents	\$ 459,242	\$ 705,478	\$ 2,105,231	\$ (22,238)
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	121,272	-	-	-
Intergovernmental	4,178	-	-	-
Other	-	65,102	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	1,008	-	-
Total assets	\$ 584,692	\$ 771,588	\$ 2,105,231	\$ (22,238)
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 49	\$ 8,156	\$ 700	\$ 48
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	2,646
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	49	8,156	700	2,694
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	8,618	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	584,643	754,814	2,104,531	(24,932)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	584,643	763,432	2,104,531	(24,932)
Total liabilities and fund balances	\$ 584,692	\$ 771,588	\$ 2,105,231	\$ (22,238)

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ 222,583	\$ 271,645	\$ 9,044	\$ (8,017)	\$ -
-	-	-	-	-
-	8,555	-	-	-
-	20,217	-	4,154	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 222,583</u>	<u>\$ 300,417</u>	<u>\$ 9,044</u>	<u>\$ (3,863)</u>	<u>\$ -</u>
\$ (255)	\$ 1,934	\$ -	\$ 2,800	\$ -
-	-	-	-	-
4,558	18,012	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,303</u>	<u>19,946</u>	<u>-</u>	<u>2,800</u>	<u>-</u>
-	-	-	-	-
-	3,099	-	-	-
218,280	277,372	9,044	(6,663)	-
-	-	-	-	-
-	-	-	-	-
<u>218,280</u>	<u>280,471</u>	<u>9,044</u>	<u>(6,663)</u>	<u>-</u>
<u>\$ 222,583</u>	<u>\$ 300,417</u>	<u>\$ 9,044</u>	<u>\$ (3,863)</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue			
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	Total
ASSETS				
Cash and cash equivalents	\$ 3,416	\$ 7,314	\$ 870	\$ 3,032,915
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	968,888
Intergovernmental	-	-	-	332,143
Other	-	-	-	159,756
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	11,087
Other assets	-	-	-	2,805
Total assets	<u>\$ 3,416</u>	<u>\$ 7,314</u>	<u>\$ 870</u>	<u>\$ 4,507,594</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 276,270
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	219,428
Due to other funds	-	-	-	50,000
Deferred revenues	-	-	-	74,189
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>619,887</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	49,894
Unreserved, undesignated, reported in:				
Special revenue funds	3,416	7,314	870	3,837,813
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>3,416</u>	<u>7,314</u>	<u>870</u>	<u>3,887,707</u>
Total liabilities and fund balances	<u>\$ 3,416</u>	<u>\$ 7,314</u>	<u>\$ 870</u>	<u>\$ 4,507,594</u>

(Continued)

Debt Service

Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ (23,864)	\$ 2	\$ 879	\$ 296,687	\$ 196,437
-	-	-	-	385,197
-	-	-	-	-
9,154	-	-	-	-
95,254	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 80,544</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
95,254	-	-	-	-
<u>95,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(14,710)	-	-	-	-
-	-	-	-	-
-	2	879	296,687	581,634
-	-	-	-	-
<u>(14,710)</u>	<u>2</u>	<u>879</u>	<u>296,687</u>	<u>581,634</u>
<u>\$ 80,544</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2006

	Debt Service			Total
	Public Improvement Bonds			
	Series 1977 and 1999	Series A, B, C	Community Disaster Loan	
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 687,598	\$ 1,157,739
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	385,197
Intergovernmental	-	-	-	-
Other	-	-	-	9,154
Special assessments:				
Deferred	-	-	-	95,254
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ -	\$ 687,598	\$ 1,647,344
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 212,476	\$ 212,476
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	450,516	450,516
Deferred revenues	-	-	-	95,254
Total liabilities	-	-	662,992	758,246
Fund balances:				
Reserved for:				
Debt service	-	-	-	(14,710)
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	24,606	903,808
Capital projects funds	-	-	-	-
Total fund balances	-	-	24,606	889,098
Total liabilities and fund balances	\$ -	\$ -	\$ 687,598	\$ 1,647,344

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>	<u>Public Improvement Bond Series D, E, F, G</u>
\$ 836,185	\$ 1,365,739	\$ -	\$ 1,737,732	\$ 926,633	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,788)	-
-	-	-	-	-	-
<u>\$ 836,185</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,635	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>13,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
5,000	201,391	-	-	1,444,502	-
-	-	-	-	-	-
-	-	-	-	-	-
817,550	1,164,348	-	1,737,732	(522,657)	-
<u>822,550</u>	<u>1,365,739</u>	<u>-</u>	<u>1,737,732</u>	<u>921,845</u>	<u>-</u>
<u>\$ 836,185</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>Capital Projects</u>			
	<u>911 Communications Construction</u>	<u>1990 General Obligation Bond</u>	<u>Fire District 1-2 C.I. Series Bond</u>	<u>Road District 1 Project Bond</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 204	\$ -	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	204	-	-
Total fund balances	<u>-</u>	<u>204</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects

<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 1,531,938	\$ (659,379)	\$ 5,739,052	\$ 9,929,706
-	-	-	-	1,354,085
-	-	-	-	332,143
-	-	187,555	187,555	356,465
-	-	-	-	95,254
-	-	-	(4,788)	(4,788)
-	-	-	-	11,087
-	-	-	-	2,805
<u>\$ -</u>	<u>\$ 1,531,938</u>	<u>\$ (471,824)</u>	<u>\$ 5,921,819</u>	<u>\$ 12,076,757</u>
\$ -	\$ -	\$ 1,087,181	\$ 1,087,181	\$ 1,575,927
-	-	-	13,635	13,635
-	-	-	-	219,428
-	-	358,447	358,447	858,963
-	-	-	-	169,443
-	-	1,445,628	1,459,263	2,837,396
-	-	-	-	(14,710)
-	-	-	1,650,893	1,700,787
-	-	-	-	3,837,813
-	-	-	-	903,808
-	1,531,938	(1,917,452)	2,811,663	2,811,663
-	1,531,938	(1,917,452)	4,462,556	9,239,361
<u>\$ -</u>	<u>\$ 1,531,938</u>	<u>\$ (471,824)</u>	<u>\$ 5,921,819</u>	<u>\$ 12,076,757</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 404,155
Other taxes, penalties, interest, etc.	-	-	-	755
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	112,143	-	-	-
Fees, charges, and commissions for services	(3,750)	11,139	60,870	-
Fines and forfeitures	-	159,592	15	-
Use of money and property	1,999	-	(2,095)	26,636
Special assessments	-	-	-	-
Other revenues	-	13,609	-	2,210
Total revenues	<u>110,392</u>	<u>184,340</u>	<u>58,790</u>	<u>433,756</u>
EXPENDITURES				
Current:				
General government:				
Judicial	-	-	365,581	-
Finance and administration	-	-	-	-
Other general government	-	184,888	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	392,523
Culture and recreation	154,910	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	770	-	3,316	-
Total expenditures	<u>155,680</u>	<u>184,888</u>	<u>368,897</u>	<u>392,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,288)</u>	<u>(548)</u>	<u>(310,107)</u>	<u>41,233</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	85,303	10,775	158,148	7,183
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>85,303</u>	<u>10,775</u>	<u>158,148</u>	<u>7,183</u>
Net change in fund balances	40,015	10,227	(151,959)	48,416
Fund balances - beginning	<u>14,487</u>	<u>148,474</u>	<u>32,323</u>	<u>429,984</u>
Fund balances - ending	<u>\$ 54,502</u>	<u>\$ 158,701</u>	<u>\$ (119,636)</u>	<u>\$ 478,400</u>

(Continued)

Special Revenue

<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 931,666	\$ 520,993	\$ -	\$ -
-	1,740	977	-	-
199,711	-	-	-	-
-	-	-	4,934,193	-
-	-	-	-	-
-	14,522	9,251	-	-
605,333	-	-	-	-
6,677	-	-	-	-
-	-	-	-	-
(11,374)	(30,927)	(16,544)	472	(7,326)
-	-	-	-	-
635	2,350	-	-	138
<u>800,982</u>	<u>919,351</u>	<u>514,677</u>	<u>4,934,665</u>	<u>(7,188)</u>
-	-	-	-	624,353
-	-	-	-	-
-	-	-	4,617,774	-
-	-	-	-	-
-	-	545,950	-	-
1,641,392	-	-	-	-
-	1,121,921	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	340,154	-
<u>1,641,392</u>	<u>1,121,921</u>	<u>545,950</u>	<u>4,957,928</u>	<u>624,353</u>
<u>(840,410)</u>	<u>(202,570)</u>	<u>(31,273)</u>	<u>(23,263)</u>	<u>(631,541)</u>
318,046	277,594	-	-	306,193
-	-	-	-	-
<u>318,046</u>	<u>277,594</u>	<u>-</u>	<u>-</u>	<u>306,193</u>
(522,364)	75,024	(31,273)	(23,263)	(325,348)
111,532	91,247	7,088	3,745	(11,056)
<u>\$ (410,832)</u>	<u>\$ 166,271</u>	<u>\$ (24,185)</u>	<u>\$ (19,518)</u>	<u>\$ (336,404)</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue			
	Health	Communications	Housing Voucher Program	Contingency Criminal Court "A"
REVENUES				
Taxes:				
Ad valorem	\$ 268,017	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	500	296,437	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	1,159,700	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	2,827	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	30,214	57,544	101,839	(629)
Special assessments	-	-	-	-
Other revenues	-	1,721	-	-
Total revenues	<u>301,558</u>	<u>355,702</u>	<u>1,261,539</u>	<u>(629)</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	40,978
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	209,767	-	-
Public works	-	-	-	-
Health and welfare	153,219	-	1,348	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	105,000	-	-
Interest and service charges	-	4,330	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>153,219</u>	<u>319,097</u>	<u>1,348</u>	<u>40,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>148,339</u>	<u>36,605</u>	<u>1,260,191</u>	<u>(41,607)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	15,682
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,682</u>
Net change in fund balances	148,339	36,605	1,260,191	(25,925)
Fund balances - beginning	<u>436,304</u>	<u>726,827</u>	<u>844,340</u>	<u>993</u>
Fund balances - ending	<u>\$ 584,643</u>	<u>\$ 763,432</u>	<u>\$ 2,104,531</u>	<u>\$ (24,932)</u>

(Continued)

Special Revenue

<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
13,142	6,531	-	-	-
-	418,481	-	-	-
-	-	-	-	-
-	-	-	-	-
14,621	(1,212)	699	35,712 (1,215)	-
-	-	-	-	-
-	420	-	-	-
<u>27,763</u>	<u>424,220</u>	<u>699</u>	<u>34,497</u>	<u>-</u>
-	-	-	3,414	-
-	-	-	-	-
-	264,920	-	-	-
-	-	-	-	-
107,679	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(1,417)	-	-	-
<u>107,679</u>	<u>263,503</u>	<u>-</u>	<u>3,414</u>	<u>-</u>
<u>(79,916)</u>	<u>160,717</u>	<u>699</u>	<u>31,083</u>	<u>-</u>
140,076	114,935	-	-	-
-	-	-	-	(3)
<u>140,076</u>	<u>114,935</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
60,160	275,652	699	31,083	(3)
158,120	4,819	8,345	(37,746)	3
<u>\$ 218,280</u>	<u>\$ 280,471</u>	<u>\$ 9,044</u>	<u>\$ (6,663)</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 2,124,831
Other taxes, penalties, interest, etc.	-	-	-	300,409
Licenses and permits	-	-	-	199,711
Intergovernmental revenues:				
Federal grants	-	-	-	6,113,566
State funds:				
Parish transportation funds	-	-	-	418,481
State revenue sharing (net)	-	-	-	26,600
Other	-	-	-	717,476
Fees, charges, and commissions for services	-	-	-	74,936
Fines and forfeitures	-	-	-	195,319
Use of money and property	265	566	84	163,617
Special assessments	-	-	-	-
Other revenues	-	-	-	21,083
Total revenues	<u>265</u>	<u>566</u>	<u>84</u>	<u>10,356,029</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	1,034,326
Finance and administration	-	-	-	-
Other general government	-	-	-	5,067,582
Public safety	-	-	-	209,767
Public works	-	-	-	545,950
Health and welfare	-	-	405	2,296,566
Culture and recreation	-	-	-	1,276,831
Debt service:				
Principal	-	-	-	105,000
Interest and service charges	-	-	-	4,330
Capital outlay	-	-	-	342,823
Total expenditures	<u>-</u>	<u>-</u>	<u>405</u>	<u>10,883,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>265</u>	<u>566</u>	<u>(321)</u>	<u>(527,146)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	1,433,935
Transfers out	-	-	-	(3)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,433,932</u>
Net change in fund balances	265	566	(321)	906,786
Fund balances - beginning	<u>3,151</u>	<u>6,748</u>	<u>1,191</u>	<u>2,980,919</u>
Fund balances - ending	<u>\$ 3,416</u>	<u>\$ 7,314</u>	<u>\$ 870</u>	<u>\$ 3,887,705</u>

(Continued)

Debt Service

Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ -	\$ -	\$ -	\$ 904,086
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,000	-	45	20,682	(2,152)
24,658	-	-	-	-
-	-	-	-	-
<u>25,658</u>	<u>-</u>	<u>45</u>	<u>20,682</u>	<u>901,934</u>
-	-	-	-	-
-	-	-	-	13,283
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
38,172	-	-	570,000	285,000
2,196	-	-	214,345	37,784
-	-	-	-	-
<u>40,368</u>	<u>-</u>	<u>-</u>	<u>784,345</u>	<u>336,067</u>
<u>(14,710)</u>	<u>-</u>	<u>45</u>	<u>(763,663)</u>	<u>565,867</u>
-	-	-	486,343	-
-	-	-	-	-
-	-	-	486,343	-
<u>(14,710)</u>	<u>-</u>	<u>45</u>	<u>(277,320)</u>	<u>565,867</u>
<u>0</u>	<u>2</u>	<u>834</u>	<u>574,007</u>	<u>15,767</u>
<u>\$ (14,710)</u>	<u>\$ 2</u>	<u>\$ 879</u>	<u>\$ 296,687</u>	<u>\$ 581,634</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Debt Service			Total
	Public Improvement Bonds		Community Disaster Loan	
	Series 1977 and 1999	Series A, B, C		
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 904,086
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	19,575
Special assessments	-	-	-	24,658
Other revenues	-	-	8,979,262	8,979,262
Total revenues	-	-	8,979,262	9,927,581
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	13,283
Other general government	-	-	(245,625)	(245,625)
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	893,172
Interest and service charges	-	-	221,019	475,344
Capital outlay	-	-	-	-
Total expenditures	-	-	(24,606)	1,136,174
Excess (deficiency) of revenues over (under) expenditures	-	-	9,003,868	8,791,407
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	486,343
Transfers out	-	-	(8,979,262)	(8,979,262)
Total other financing sources (uses)	-	-	(8,979,262)	(8,492,919)
Net change in fund balances	-	-	24,606	298,488
Fund balances - beginning	-	-	-	590,610
Fund balances - ending	\$ -	\$ -	\$ 24,606	\$ 889,098

(Continued)

Capital Projects

<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>	<u>Public Improvement Bond Series D, E, F, G</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
53,060	108,388	-	134,399	73,865	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>53,060</u>	<u>108,388</u>	<u>-</u>	<u>134,399</u>	<u>73,865</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
85	53	-	-	11,635	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	65,733	-	-	-	-
<u>85</u>	<u>65,786</u>	<u>-</u>	<u>-</u>	<u>11,635</u>	<u>-</u>
-	-	-	-	-	-
52,975	42,602	-	134,399	62,230	-
-	-	-	-	-	-
1,753	-	-	-	28,003	-
<u>(1,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,003)</u>	<u>-</u>
-	-	-	-	-	-
52,975	42,602	-	134,399	62,230	-
<u>769,575</u>	<u>1,323,137</u>	<u>-</u>	<u>1,603,333</u>	<u>859,615</u>	<u>-</u>
<u>\$ 822,550</u>	<u>\$ 1,365,739</u>	<u>\$ -</u>	<u>\$ 1,737,732</u>	<u>\$ 921,845</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
REVENUES				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	15	-	-
Special assessments	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>15</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	15	-	-
Fund balances - beginning	<u>-</u>	<u>189</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 204</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects				Total
Drainage Construction Bonds of 1967 and 1982	Rebuild St. Bernard	Permanent Work	Total	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,028,917
-	-	-	-	300,409
-	-	-	-	199,711
-	-	7,442,663	7,442,663	13,556,229
-	-	-	-	418,481
-	-	-	-	26,600
-	-	-	-	717,476
-	-	-	-	74,936
-	-	-	-	195,319
-	89,277	-	459,004	642,196
-	-	-	-	24,658
-	105,500	-	105,500	9,105,845
-	194,777	7,442,663	8,007,167	28,290,777
-	-	-	-	1,034,326
-	-	-	-	13,283
-	-	7,434,744	7,434,744	12,256,701
-	-	-	-	209,767
-	-	-	11,773	557,723
-	-	-	-	2,296,566
-	-	-	-	1,276,831
-	-	-	-	998,172
-	-	-	-	479,674
-	-	1,096,922	1,162,655	1,505,478
-	-	8,531,666	8,609,172	20,628,521
-	194,777	(1,089,003)	(602,005)	7,662,256
-	-	(358,336)	(328,580)	1,591,698
-	-	73,698	43,942	(8,935,323)
-	-	(284,638)	(284,638)	(7,343,625)
-	194,777	(1,373,641)	(886,643)	318,631
-	1,337,161	(543,811)	5,349,199	8,920,728
\$ -	\$ 1,531,938	\$ (1,917,452)	\$ 4,462,556	\$ 9,239,359

**ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2006**

Water District No. 1

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

Water District No. 2

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

Sewer District No. 1

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

Sewer District No. 2

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2006**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Restricted Assets:					
Cash and cash equivalents:					
Other debt service accounts	\$ 92,575	\$ 125,845	\$ 10,945	\$ 106,969	\$ 336,334
Total restricted assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
Total current assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
Capital assets (net of accumulated depreciation)	-	-	-	-	-
Total assets	<u>92,575</u>	<u>125,845</u>	<u>10,945</u>	<u>106,969</u>	<u>336,334</u>
LIABILITIES					
Current liabilities:					
Total current liabilities	-	-	-	-	-
Current liabilities payable from restricted assets:					
Total current liabilities payable from restricted assets	-	-	-	-	-
Noncurrent liabilities:					
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
NET ASSETS					
Restricted for:					
Debt service	92,575	125,845	10,945	106,969	336,334
Total net assets	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Total operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES					
Total operating expenses	-	-	-	-	-
Operating loss	-	-	-	-	-
NONOPERATING REVENUES (EXPENSES)					
Ad valorem tax for debt retirement	-	-	931	-	931
Interest earnings:					
Restricted assets	1,311	2,427	43	2,032	5,813
Deductions from taxes	-	-	-	1,716	1,716
Total nonoperating revenues (expenses)	<u>1,311</u>	<u>2,427</u>	<u>974</u>	<u>3,748</u>	<u>8,460</u>
Income (loss) before transfers	1,311	2,427	974	3,748	8,460
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	1,311	2,427	974	3,748	8,460
Total net assets - beginning	<u>91,264</u>	<u>123,418</u>	<u>9,971</u>	<u>103,221</u>	<u>327,874</u>
Total net assets - ending	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Payments to suppliers	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used by operating activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Receipts from ad valorem taxes - debt retirement	-	-	931	1,716	2,647
Net cash used by capital and related financing activities	-	-	931	1,716	2,647
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on cash management activities	1,311	2,427	43	2,032	5,813
Net cash provided by investing activities	1,311	2,427	43	2,032	5,813
Net increase (decrease) in cash and cash equivalents	1,311	2,427	974	3,748	8,460
Cash and cash equivalents - beginning	91,264	123,418	9,971	103,221	327,874
Cash and cash equivalents - ending	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>
Classified as:					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>\$ 92,575</u>	<u>\$ 125,845</u>	<u>\$ 10,945</u>	<u>\$ 106,969</u>	<u>\$ 336,334</u>
Reconciliation of operating income to net cash used by operating activities:					
Operating loss	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities:					
Amortization	-	-	-	-	-
Decrease in accounts payable and other accruals	-	-	-	-	-
Total adjustments	-	-	-	-	-
Net cash used by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2006**

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

Self Insurance Fund

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

Water & Sewer Self Insurance Fund

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2006**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 3,075,062	\$ 877,364	\$ 3,952,426
Investments	267,332	-	267,332
Due from other funds	50,000	(3,780)	46,220
Prepays	(25,481)	(9,276)	(34,757)
Total assets	<u>3,366,913</u>	<u>864,308</u>	<u>4,231,221</u>
LIABILITIES			
Accounts payable	32,870	4,976	37,846
Self insurance claims payable	2,694,023	868,252	3,562,275
Due to other funds	(3,780)	-	(3,780)
Total liabilities	<u>2,723,113</u>	<u>873,228</u>	<u>3,596,341</u>
NET ASSETS			
Restricted	<u>643,800</u>	<u>(8,920)</u>	<u>634,880</u>
Total net assets	<u>\$ 643,800</u>	<u>\$ (8,920)</u>	<u>\$ 634,880</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 1,001,577	\$ -	\$ 1,001,577
Other operating revenues	37,026	-	37,026
Total operating revenues	<u>1,038,603</u>	<u>-</u>	<u>1,038,603</u>
OPERATING EXPENSES			
Personal services and related benefits	17,193	1,201	18,394
Professional services	61,414	3,546	64,960
Insurance premiums	989,129	162,358	1,151,487
Insurance and claims expense	197,793	12,642	210,435
Other	10,834	-	10,834
Total operating expenses	<u>1,276,363</u>	<u>179,747</u>	<u>1,456,110</u>
Operating loss	<u>(237,760)</u>	<u>(179,747)</u>	<u>(417,507)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest earnings and service charges	89,216	32,549	121,765
Total nonoperating revenues (expenses)	<u>89,216</u>	<u>32,549</u>	<u>121,765</u>
Loss before transfers	(148,544)	(147,198)	(295,742)
Transfers in	5,000	-	5,000
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>(5,000)</u>
Change in net assets	(148,544)	(147,198)	(295,742)
Total net assets - beginning	<u>792,344</u>	<u>138,278</u>	<u>930,622</u>
Total net assets - ending	<u>\$ 643,800</u>	<u>\$ (8,920)</u>	<u>\$ 634,880</u>

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 1,024,946	\$ 7,400	\$ 1,032,346
Payments to suppliers	(1,371,837)	(377,702)	(1,749,539)
Other operating payments	(264,502)	(1,041,169)	(1,305,671)
Payments from and payments for interfund services	<u>181,523</u>	<u>1,250,207</u>	<u>1,431,730</u>
Net cash provided (used) by operating activities	<u>(429,870)</u>	<u>(161,264)</u>	<u>(591,134)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	47,728	-	47,728
Interest on cash management activities	<u>89,216</u>	<u>32,549</u>	<u>121,765</u>
Net cash provided (used) by investing activities	<u>136,944</u>	<u>32,549</u>	<u>169,493</u>
Net increase (decrease) in cash and cash equivalents	(292,926)	(128,715)	(421,641)
Cash and cash equivalents - beginning	<u>3,367,988</u>	<u>1,006,079</u>	<u>4,374,067</u>
Cash and cash equivalents - ending	<u>\$ 3,075,062</u>	<u>\$ 877,364</u>	<u>\$ 3,952,426</u>
Classified as:			
Cash and cash equivalents	<u>\$ 3,075,062</u>	<u>\$ 877,364</u>	<u>\$ 3,952,426</u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (237,760)	\$ (179,747)	\$ (417,507)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	-	-	-
Decrease in due from (to) other funds	(7,560)	(11,045)	(18,605)
(Increase) decrease in prepaid expenses	89,392	22,116	111,508
Decrease in accounts payable and accruals	(273,942)	7,412	(266,530)
Increase in self insurance claims payable	-	-	-
Total adjustments	<u>(192,110)</u>	<u>18,483</u>	<u>(173,627)</u>
Net cash provided (used) by operating activities	<u>\$ (429,870)</u>	<u>\$ (161,264)</u>	<u>\$ (591,134)</u>

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2006**

Joseph S. DiFatta, Jr., Chairman	\$ 7,200
Lynn B. Dean, Councilman at Large (East)	323
Mark Madary, District A	7,200
Judy Darby Hoffmeister, District B	7,200
Kenneth Henderson, District C	7,200
Craig P. Taffaro, Jr., District D	7,200
Tony Ricky Melerine, District E	<u>7,200</u>
Total	<u>\$ 43,523</u>

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

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COMPUTATION OF THE RATIO OF
NET REVENUES (EXCLUDING WATER AND SEWER DISTRICTS)
TO AVERAGE ANNUAL DEBT SERVICE REQUIREMENT OF WATER & SEWER REVENUE BONDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

We are unable to provide this information as a result of effects from Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

We were unable to determine the gross tax revenues for Emergency 911 for the year ended December 31, 2006 due to the aftermath of Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

We were unable to determine metered customers of the St. Bernard Parish Government Department of Public Works Water and Sewer Division for the year ended December 31, 2006 as a result of the aftermath of Hurricane Katrina.

SINGLE AUDIT SECTION

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

To the St. Bernard Parish Council
Chalmette, Louisiana

We were engaged to audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the "Parish"), State of Louisiana, as of and for the year ended December 31, 2006, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated October 29, 2007. We do not express an opinion on the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information because the basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support revenue, expenditures/expenses and capital asset account balances.

Internal Control Over Financial Reporting

Because of the reasons described in the first paragraph, we were unable to consider the Parish's internal control over financial reporting.

Compliance and Other Matters

For the reasons described in the first paragraph, we were unable to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

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

Rebowe & Company

October 29, 2007

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS
A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6852 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

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

To the St. Bernard Parish Council
Chalmette, Louisiana

Compliance

We were engaged to audit the compliance of the St. Bernard Parish Government (the "Parish"), State of Louisiana, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Parish's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Parish's management.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Because of the reasons described in the second paragraph, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, subrecipient monitoring, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. See Finding 06-01 in the Schedule of Findings and Questioned Costs.

Internal Control Over Compliance

The management of the Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. Because of the reasons described in the second paragraph, we were unable to consider the Parish's internal control over compliance requirements that could have a direct and material effect on a major federal program.

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

Rebowe & Company

October 29, 2007

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness</i>			
<i>Federal Emergency Management Agency -</i>			
Community Disaster Loan Program	97.030	2006-LF-1603LA05	\$ 4,098,803
Disaster Grants - Public Assistance	97.036	FEMA-LA-DR1603	197,217,812
Office of Domestic Preparedness -			95,880
Interoperable Communications - Weatherbug Tower, Antenna, and Weather Station			17,503
Emergency Response After Action Report (Katrina)	97.008	2004-GE-T4-0004	37,000
Homeland Security - Unidentifiable Grants	97.080		13,316
Assistance to Fire Fighters	97.044		<u>87,165</u>
Total U.S. Department of Homeland Security Grants			<u>201,567,479</u>
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title I-B	17.268	WIA Grant #10	618,971
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	125,843
Workforce Investment Act - Dislocated Worker IA - Admin.	17.260	WIA Grant #10	308,959
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	112,982
Workforce Investment Act - Incentive 3	17.266	CFMS641299	48,340
Workforce Investment Act - Incentive 2	17.266	CFMS620833	27,055
Workforce Investment Act - STEP	27.001	CFMS610360	45,962
Workforce Investment Act - H1B Grant	17.261	CFMS632514	30,000
Workforce Investment Act - Katrina Program	17.260	630897	<u>3,538,158</u>
Total U.S. Department of Labor			<u>4,856,270</u>
U.S. Department of Natural Resources			
Coastal Zone Management Grants	11.419	2515-06-04	<u>44,000</u>
Total U.S. Department of Natural Resources			<u>44,000</u>
Total Expenditures of Federal Awards			<u>\$ 206,467,749</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

FEMA Community Disaster Loan Program (CFDA 97.030)
FEMA Disaster Relief Grant (CFDA No. 97.036)
U.S. Department of Labor - Workforce Investment Act (CFDA 17.260)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2006.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006**

A - Summary of Auditor's Results

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

<u>CFDA Number</u>	<u>Name of Federal Program (or Cluster)</u>
97.030	FEMA Community Disaster Loan Program
97.036	FEMA Disaster Relief Grant
17.260	U.S. Department of Labor - Workforce Investment Act

8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. St. Bernard Parish Government did not qualify as a low-risk auditee.
10. A management letter was issued for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

B - Findings - Financial Statement Audit

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina. As a result, we were unable to consider the Parish's internal control over financial reporting, nor were we able to perform tests of the Parish's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts.

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

Finding 06-01

Condition - The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2006, which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Criteria - OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to federal award programs of the Parish.

Effect - We cannot determine if the Parish is in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Cause - The basic accounting and reporting systems for the Parish were not maintained for the year ended December 31, 2006 and some records were lost or destroyed due to the aftermath of Hurricane Katrina.

Because of the reasons described above, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment, and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Findings - Financial Statement Audit

Compliance

Finding 05-01

Condition – The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, payroll, and fixed assets were not effective during the year ended December 31, 2005, which resulted in inadequate records. Also, sufficient competent evidential matter was either lost or destroyed due to the effects of Hurricane Katrina and was not available to support the transactions of its major federal programs and, thus, did not permit the application of certain necessary audit procedures.

Criteria – OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to federal award programs of the Parish.

Effect - We cannot determine if the Parish is in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Cause - The basic accounting and reporting systems for the Parish were not maintained for the year ended December 31, 2005 and some records were lost or destroyed due to the effects of Hurricane Katrina.

Because of the reasons described above, we were not able to obtain sufficient competent evidential matter to document and support activities allowed or unallowed, allowable costs/cost principles, cash management, eligibility, equipment, and real property management, matching, level of effort, period of availability of funds, procurement and suspension and debarment, program income, reporting, and special tests and provisions. Therefore, we do not express an opinion of the Parish's compliance with requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Current Status - This finding has not been resolved. See finding 06-01.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

Management Letter

1. Bank Reconciliations

Observation:

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger account for the year ended December 31, 2005. As of April 2006, bank accounts for December 2005 had not been reconciled by the Accounting Department. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation:

We recommend that all bank accounts be reconciled prior to preparation of monthly financial statements and within thirty (30) days of month end.

Current Status:

This finding has not been resolved. See 2006 Observation #1.

2. Basis of Accounting

Observation:

For the year ended December 31, 2005, the Parish did not prepare its financial statements on the appropriate basis of accounting as required by governmental accounting principles. It appears that the financial statements were prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received, and expenses are recognized when paid. Receivables, prepaid expenses, inventories, allowances, payables, deferred and accrued liabilities, and reserves were not recorded or adjusted in most cases during the year. In many instances, the Parish's financial statements at December 31, 2005 reflected the same account balances as for the year ended December 31, 2004. In other words, these balances had not been adjusted for the entire year. Beginning fund balances for many funds did not agree to the 2004 audited fund balances. Records for 2005 were generally incomplete and inaccurate for most accounts. Monthly financial statements provided to the Administration and the Parish Council were inaccurate and incomplete based on our analysis.

Recommendation:

We recommend that the Parish maintain its accounting records on the basis of accounting required by governmental accounting principles. Governmental fund financial statements should be maintained on the modified accrual basis of accounting. Business-type fund financial statements should be maintained on the accrual basis of accounting.

Current Status:

This finding has not been resolved. See 2006 Observation #2.

3. Capital Assets

Observation:

Fixed asset records were not maintained properly during the year. After Hurricane Katrina, the capital assets records were not adjusted to reflect losses and damages from Katrina. Also, additions to capital assets were not properly recorded during 2005 in many instances. Depreciation expense could not be determined for the year ended December 31, 2005 as the current accounting personnel are not familiar with the capital asset computer

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

program. Infrastructure assets (road, bridges, buildings, etc.) have not been reassessed for damages and revalued due to the damages from Hurricane Katrina.

Recommendation:

We recommend that the Parish begin the process of inventorying fixed assets as most of the Parish's fixed assets were either destroyed or damaged by Hurricane Katrina. Capital assets inventories for furniture, equipment, vehicles, should be performed by all departments and fixed asset records should be updated based on those inventories. Infrastructure asset records for buildings, roads, etc. need to be updated and the values of the infrastructure assets should be revised due to damages from Hurricane Katrina. Consideration should be given to contracting an asset valuation company to perform this assessment and revaluation.

Current Status:

This finding has not been resolved. See 2006 Observation #3.

4. Federal Funds

Observation:

Records were not available relating to most of the federal funds received by the Parish. Expenditures of federal awards could not be determined in many cases and some of the records appear to have been misplaced or lost after Hurricane Katrina. Also, FEMA federal funds were not recorded in accordance with governmental accounting principles in the general ledger and expenditures could not be determined for the year ended December 31, 2005. OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to each of the federal award programs. As the records were not available for the expenditures of federal awards for the year ended December 31, 2005, we could not determine if the Parish was in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Recommendation:

We recommend that the Parish improve its internal controls over federal award programs. The Parish should consider implementing a grant management accounting system to ensure compliance with federal funds requirements.

Current Status:

This finding has not been resolved. See 2006 Observation #4.

5. Payroll

Observation:

During our testing of the payroll records of the Parish for the year ended December 31, 2005, we noted the following exceptions:

- We observed several instances in which the number of hours worked per employee timesheets did not agree to the number of hours worked per the payroll sub-ledger.
- We noted several instances in which the department Supervisor's timesheets were not being reviewed and approved.
- We noted that the payroll policy from the first payroll in September 2005 until the payroll ended April 14, 2006 was that firefighters are paid 80 hours straight time and 64 hours overtime for each two week period regardless of the number of hours they worked. Therefore, when we selected individual timesheets, we noted several instances where hours worked per employee timesheets did not agree to hours paid per the payroll sub-ledger.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- We noted several instances where the approved pay rate per the human resource personnel file did not agree to the pay rate per the payroll sub-ledger.
- We noted several instances where the only supporting record in the human resource personnel file for temporary workers was an excel spreadsheet.
- We noted several instances where no time sheets were available to document hours worked.

Recommendation:

We recommend that internal controls over payroll be strengthened and that payroll controls be included in any disaster recovery plans of the Parish.

Current Status:

This finding has not been resolved. See 2006 Observation #5.

6. *Water and Sewer Public Works Department*

Observation:

Water and sewer customer records were lost as a result of Hurricane Katrina. Also, the computerized records for the periods prior to August 29, 2005 could not be retrieved; therefore, the records could not be reproduced.

Recommendation:

We recommend that procedures be implemented to prepare for future catastrophic events to avoid the loss of records.

Current Status:

This finding has been resolved.

7. *Comments from the Office of Inspector General Report*

Observation:

The following reportable conditions relating to non-compliance with Federal requirements, claims for ineligible or unreasonable costs, and other opportunities for improved controls were obtained from a report prepared by the Office of Inspector General (OIG) that is dated November 30, 2006:

- St. Bernard Parish awarded a non-competitive contract for debris removal monitoring activities without performing a cost or price analysis of the contract.
- The State reimbursed St. Bernard Parish for ineligible cuts of hanging branches from trees. A FEMA review reported that nearly 50% of the cuts claimed between December 6, 2005 and February 6, 2006 resulted in questioned costs of \$209,115 reimbursed under project worksheet numbers 2050 and 3078.
- In February 2006, FEMA officials, located in St. Bernard Parish, performed a review of hanger cuts claimed during the period December 6, 2005 through February 6, 2006 and noted 1,677 discrepancies in the number of cuts claimed.
- Costs claimed by the Parish's monitoring contractor were excessive for certain activities related to the monitoring of debris removal. The rates per hour charged by the monitoring contractor officials were not reasonable for the monitoring of work performed. In addition, some of the direct costs claimed appeared to be for general management activities. The review identified unreasonable or duplicative claims in the amount of \$84,600.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- Improvements were needed to the process for handling load tickets for debris removal. The load tickets management process contained an internal control weakness that could allow bogus tickets to be processed without being detected. As a result, inflated invoices could be approved and the contractor could get paid for debris that was not removed from the Parish.
- Visual inspections of individual trucks did not result in accurate judgments of the cubic yards of debris hauled to the temporary landfills.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Current Status:

This finding has been partially resolved. All findings have been investigated by the Parish. Findings that had opportunities for improved controls have been implemented since April 2006. See 2006 Observation #7.

8. *Comments from the Office of Homeland Security Report*

Observation:

The following reportable conditions relating to improper allocation of costs and ineligibility of costs, noncompliance with federal contracting procedures, and accountability for capital asset purchases were obtained from a report prepared by the Office of Homeland Security that is dated September 28, 2006:

- The Parish's accounting system did not meet federal requirements to maintain records for each approved project and that only eligible costs are charged to the project. Title 44, Code of Federal Regulations, 206.205, requires a project-by-project accounting for eligible costs. If not corrected, this method may result in substantial errors in the Parish's final claim for reimbursement.
- The Parish only established one disaster fund account (Number 500) and charged expenditures for different project worksheets to that same account. Further the Parish did not identify the project worksheet number or project description for items charged to that account.
- The Parish incorrectly certified as eligible the following costs to justify their expedited funding for project worksheet number 8:
 - a. Vehicle replacement costs of \$1,584,477.
 - b. Direct administrative expenses of more than \$130,000 as part of temporary payroll expenses and \$247,000 as part of their permanent payroll. These costs are not eligible because administrative costs are covered by a statutory administrative allowance under 44 CFR 206.228 (a) (2) (ii).
 - c. Sales taxes of \$249,636 on trailer and mobile home purchases. The State of Louisiana Revised Statutes 47:301(8) provides a sales tax exemption to Parish governments. Therefore, the Parish is not entitled to claim these charges for FEMA reimbursement.
 - d. Payment of \$426,920 for 26 trailers that were not delivered to the Parish Government. Although a refund was received by the Parish from the contractor, the Parish had not made an adjustment in accounting of costs for project worksheet number 8.
- The Parish did not award or administer its large disaster procurements according to federal requirements of 44 CFR 13.36. The Parish has reported costs paid under these contracts as of January 2006 as support for the expedited funding received under project worksheet number 8. Four procurements were selected for review and the following deficiencies included:
 - a. No written contract or similar document prior to delivery of service.
 - b. No cost or price analysis.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- c. Vague or undefined scope of work and no period of performance.
 - d. Ineligible contracting methodology.
 - e. Indefinite pricing.
 - f. No monitoring of contractor performance.
- The Parish did not maintain complete accountability for trailers and mobile homes purchased and included as support for expedited funding received for project worksheet number 8. The Parish's inventory list contained only 591 trailers and mobile homes, whereas payment was made to two contractors for 735 units during the audit period. This leaves 144 units unaccounted for at an estimated cost of more than \$2,490,000.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Current Status:

This finding has been partially resolved. See 2006 Observation #8.

9. *Interfund Receivables, Payables, and Transfers*

Observation:

Interfund receivables, payables, and transfers did not balance between funds as of December 31, 2005. We were unable to obtain audit evidence of the activity of these transactions; therefore, we cannot determine the accuracy and appropriateness of these transactions in 2005. As a result, there is a risk that restricted funds may have been spent inappropriately.

Recommendation:

We recommend that interfund transactions be investigated for 2005 and 2006. Interfund receivable, payables, and transfers should be balanced between all funds.

Current Status:

This finding has not been resolved. See 2006 Observation #9.

10. *Other General Internal Control Issues*

Observation:

During our audit, we also noted the following additional control issues:

- The Parish should reevaluate the recordkeeping for Parish vehicles. When testing new vehicles purchased during 2005, we were unable to locate certain vehicles and the person responsible for the vehicle.
- The Parish should reevaluate overtime policies and procedures and essential personnel policies during emergencies.
- The Parish should ensure adjusting journal entries prepared by the Accounting Department are reviewed and approved before posting.
- The Parish should ensure purchasing procedures are being followed. Requisition and purchase orders should be prepared, reviewed, approved before payments are issued. It appears that in some cases, proper procedures were not followed.

**ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006**

- Records appear to have been lost or discarded after Hurricane Katrina.

Recommendation

We recommend that the Parish implement internal controls to improve record keeping for fixed assets, purchasing procedures, overtime monitoring, and accounting procedures. Also, policies should be developed to prevent future loss of documents in the aftermath of catastrophic events in the future.

Current Status:

This finding has not been resolved. See 2006 Observation #10.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2006**

Finding 06-01 - Federal Award Finding

Corrective Action: The Parish has hired an outside accounting firm to assess the accounting and reporting systems and to correct the accounting records. The Parish is also investigating the loss of documents and determining policies that need to be implemented to prevent loss of documents from catastrophic events such as hurricanes in the futures.

Implementation Date: The Parish hopes to have complete and accurate accounting records and policies and procedures in place related to loss of documents by December 31, 2007.

Contact: Ray Lightell, CPA, Interim Director of Finance (504) 278-4255

**ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA**

MEMORANDUM OF ADVISORY COMMENTS

For the Year Ended December 31, 2006

TABLE OF CONTENTS

AUDITOR'S REPORT 1

**OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN**

1. Bank Reconciliations 2

2. Basis of Accounting 2

3. Capital Assets 3

4. Federal Funds 4

5. Payroll 4

6. Reserves for Encumbrances 5

7. Comments from the Office of Inspector General Report 6

8. Comments from the Office of Homeland Security Report 7

9. Interfund Receivables, Payables, and Transfers..... 8

10. Other General Internal Control Issues..... 8

REBOWE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

A PROFESSIONAL CORPORATION

3501 N. Causeway Blvd. • Suite 810 • P.O. Box 6952 • Metairie, LA 70009
Phone (504) 837-9116 • Fax (504) 837-0123 • E-mail rebowe@rebowe.com

AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We have audited the basic financial statements of the St. Bernard Parish Government for the year ended December 31, 2006 and have issued our report thereon dated October 29, 2007. As part of our audit, we considered the Parish's internal control over financial reporting in order to determine the nature, timing and extent of our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

The basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable, accrued liabilities, debt, payroll, and fixed assets were not effective during the year ended December 31, 2006 which resulted in inadequate accounting records. Also, sufficient competent evidential matter was lost or destroyed due to the aftermath of Hurricane Katrina and was not available to document and support the account balances for receivables, payables, revenues, expenditures/expenses, and capital asset balances on the financial statements of the governmental activities, business-type activities, and each major fund of the Parish. As a result, we were unable to determine if the St. Bernard Parish Government's financial statements were fairly stated and could be relied upon.

However, our engagement did disclose material internal control weaknesses and material noncompliance with laws and regulations. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. We previously reported on the Parish's internal control in a separately issued report entitled *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards* dated October 29, 2007. We did not express an opinion in this report due the reasons described in the second paragraph.

We will review the status of our findings and recommendations during our next audit engagement. We have already discussed our recommendations with the Administration and have included their corrective action plan. We will be pleased to discuss these recommendations with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing our recommendations.

Rebowe & Company

October 29, 2007

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN
December 31, 2006**

1. Bank Reconciliations

Observation:

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger account for the year ended December 31, 2006.

Recommendation:

We recommend that all bank accounts be reconciled prior to preparation of monthly financial statements and within thirty (30) days of month end. Consideration should be given to hiring a CPA as Interim Director of Finance and increasing the staff in the Finance Department.

Corrective Action Plan:

The bank reconciliations were not being processed in a timely manner in 2006 due primarily to delays in the receipt of mail as a result of Hurricane Katrina and a reduced staff in the Finance Department. We have recently hired a CPA as our Interim Director of Finance. Bank reconciliations are now being prepared in a timely manner. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

2. Basis of Accounting

Observation:

For the year ended December 31, 2006, the Parish did not prepare its financial statements on the appropriate basis of accounting as required by governmental accounting principles. It appears that the financial statements were prepared on the basis of cash receipts and disbursements, whereby certain revenues and the related assets are recognized when received, and expenses are recognized when paid. Receivables, prepaid expenses, inventories, allowances, payables, deferred and accrued liabilities, and reserves were not recorded or adjusted in most cases during the year. In many instances, the Parish's financial statements at December 31, 2006 reflected the same account balances as for the year ended December 31, 2005. In other words, these balances had not been adjusted for the entire year. Beginning fund balances for many funds did not agree to the 2005 audited fund balances. Records for 2006 were generally incomplete and inaccurate for most accounts. Monthly financial statements provided to the Administration and the Parish Council were inaccurate and incomplete based on our analysis.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)**

December 31, 2006

Recommendation:

We recommend that the Parish maintain its accounting records on the basis of accounting required by governmental accounting principles. Governmental fund financial statements should be maintained on the modified accrual basis of accounting. Business-type fund financial statements should be maintained on the accrual basis of accounting.

Corrective Action Plan:

The Finance Department is currently producing financial statements on the appropriate basis of accounting as required by governmental accounting principles. Fund balances for 2005 have been adjusted to agree to the 2005 audited fund balances and monthly financial statements are being provided to the Parish Council. The Finance Department is also storing all financial data electronically to prevent loss of records in the future. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

3. *Capital Assets*

Observation:

Fixed asset records were not maintained properly during the year. After Hurricane Katrina, the capital assets records were not adjusted to reflect losses and damages from Katrina. Also, additions to capital assets were not properly recorded during 2005 and 2006 in many instances. Depreciation expense could not be determined for the year ended December 31, 2006 as the current accounting personnel are not familiar with the capital asset computer program. Infrastructure assets (road, bridges, buildings, etc.) have not been reassessed for damages and revalued due to the damages from Hurricane Katrina.

Recommendation:

We recommend that the Parish begin the process of inventorying fixed assets as most of the Parish's fixed assets were either destroyed or damaged by Hurricane Katrina. Capital assets inventories for furniture, equipment, vehicles, should be performed by all departments and fixed asset records should be updated based on those inventories. Infrastructure asset records for buildings, roads, etc. need to be updated and the values of the infrastructure assets should be revised due to damages from Hurricane Katrina. Consideration should be given to contracting an asset valuation company to perform this assessment and revaluation.

Corrective Action Plan:

The Parish Administration is exploring options for contracting a company to revalue all capital assets including infrastructure assets. Inventories have been performed by all

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)**

December 31, 2006

departments and the records are being updated currently. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

4. Federal Funds

Observation:

Records were not available relating to most of the federal funds received by the Parish. Expenditures of federal awards could not be determined in many cases and some of the records appear to have been misplaced or lost after Hurricane Katrina. Also, FEMA federal funds were not recorded in accordance with governmental accounting principles in the general ledger and expenditures could not be determined for the year ended December 31, 2006. OMB Circular A-133 *Compliance Supplement* has compliance requirements that are applicable to each of the federal award programs. As the records were not available for the expenditures of federal awards for the year ended December 31, 2006, we could not determine if the Parish was in compliance with the requirements of OMB Circular A-133 *Compliance Supplement*.

Recommendation:

We recommend that the Parish improve its internal controls over federal award programs. The Parish should consider implementing a grant management accounting system to ensure compliance with federal funds requirements.

Corrective Action Plan:

The Parish Administration has hired a CPA as its Finance Director and has formed a separate department to handle the accounting and record keeping for the FEMA federal funds. All other departments that have federal expenditures have been notified that records must be maintained for their federal funds. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

5. Payroll

Observation:

During our testing of the payroll records of the Parish for the year ended December 31, 2006, we noted the following exceptions:

- We observed several instances in which the number of hours worked per employee timesheets did not agree to the number of hours worked per the payroll sub-ledger.
- We noted several instances in which the department Supervisor's timesheets were not being reviewed and approved.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)**

December 31, 2006

- We noted that the payroll policy from the first payroll in September 2005 until the payroll ended April 14, 2006 was that firefighters are paid 80 hours straight time and 64 hours overtime for each two week period regardless of the number of hours they worked. Therefore, when we selected individual timesheets, we noted several instances where hours worked per employee timesheets did not agree to hours paid per the payroll sub-ledger.
- We noted several instances where the approved pay rate per the human resource personnel file did not agree to the pay rate per the payroll sub-ledger.
- We noted several instances where the only supporting record in the human resource personnel file for temporary workers was an excel spreadsheet.
- We noted several instances where no time sheets were available to document hours worked.

Recommendation:

We recommend that internal controls over payroll be strengthened and that payroll controls be included in any disaster recovery plans of the Parish.

Corrective Action Plan:

The Parish has reviewed its internal controls over payroll. Procedures have been implemented to avoid these problems in the future. The Parish has reviewed the way it hires temporary employees and will develop and follow a more structured payroll policy in the future. Also, an employee has been designated to oversee payroll in emergency situations in the future. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

6. *Reserves for Encumbrances*

Observation:

Reserves for encumbrances have not been adjusted due to a problem with the accounting software.

Recommendation:

Assistance should be requested from the supplier of the computer software.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

The Parish has requested assistance for a computer specialist who was unable to correct the problem and has taken a backup copy and given it to technical support to determine and correct the problem. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

7. *Comments from the Office of Inspector General Report*

Observation:

The following reportable conditions relating to non-compliance with Federal requirements, claims for ineligible or unreasonable costs, and other opportunities for improved controls were obtained from a report prepared by the Office of Inspector General (OIG) that is dated November 30, 2006:

- St. Bernard Parish awarded a non-competitive contract for debris removal monitoring activities without performing a cost or price analysis of the contract.
- The State reimbursed St. Bernard Parish for ineligible cuts of hanging branches from trees. A FEMA review reported that nearly 50% of the cuts claimed between December 6, 2005 and February 6, 2006 resulted in questioned costs of \$209,115 reimbursed under project worksheet numbers 2050 and 3078.
- In February 2006, FEMA officials, located in St. Bernard Parish, performed a review of hanger cuts claimed during the period December 6, 2005 through February 6, 2006 and noted 1,677 discrepancies in the number of cuts claimed.
- Costs claimed by the Parish's monitoring contractor were excessive for certain activities related to the monitoring of debris removal. The rates per hour charged by the monitoring contractor officials were not reasonable for the monitoring of work performed. In addition, some of the direct costs claimed appeared to be for general management activities. The review identified unreasonable or duplicative claims in the amount of \$84,600.
- Improvements were needed to the process for handling load tickets for debris removal. The load tickets management process contained an internal control weakness that could allow bogus tickets to be processed without being detected. As a result, inflated invoices could be approved and the contractor could get paid for debris that was not removed from the Parish.
- Visual inspections of individual trucks did not result in accurate judgments of the cubic yards of debris hauled to the temporary landfills.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

All findings have been investigated by the Parish. Findings that had opportunities for improved controls have been implemented since April 2006. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

8. *Comments from the Office of Homeland Security Report*

Observation:

The following reportable conditions relating to improper allocation of costs and ineligibility of costs, noncompliance with federal contracting procedures, and accountability for capital asset purchases were obtained from a report prepared by the Office of Homeland Security that is dated September 28, 2006:

- The Parish's accounting system did not meet federal requirements to maintain records for each approved project and that only eligible costs are charged to the project. Title 44, Code of Federal Regulations, 206.205, requires a project-by-project accounting for eligible costs. If not corrected, this method may result in substantial errors in the Parish's final claim for reimbursement.
- The Parish only established one disaster fund account (Number 500) and charged expenditures for different project worksheets to that same account. Further the Parish did not identify the project worksheet number or project description for items charged to that account.
- The Parish incorrectly certified as eligible the following costs to justify their expedited funding for project worksheet number 8:
 - a. Vehicle replacement costs of \$1,584,477.
 - b. Direct administrative expenses of more than \$130,000 as part of temporary payroll expenses and \$247,000 as part of their permanent payroll. These costs are not eligible because administrative costs are covered by a statutory administrative allowance under 44 CFR 206.228 (a) (2) (ii).
 - c. Sales taxes of \$249,636 on trailer and mobile home purchases. The State of Louisiana Revised Statutes 47:301(8) provides a sales tax exemption to Parish governments. Therefore, the Parish is not entitled to claim these charges for FEMA reimbursement.
 - d. Payment of \$426,920 for 26 trailers that were not delivered to the Parish Government. Although a refund was received by the Parish from the contractor, the Parish had not made an adjustment in accounting of costs for project worksheet number 8.
- The Parish did not award or administer its large disaster procurements according to federal requirements of 44 CFR 13.36. The Parish has reported costs paid under these

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)**

December 31, 2006

contracts as of January 2006 as support for the expedited funding received under project worksheet number 8. Four procurements were selected for review and the following deficiencies included:

- a. No written contract or similar document prior to delivery of service.
 - b. No cost or price analysis.
 - c. Vague or undefined scope of work and no period of performance.
 - d. Ineligible contracting methodology.
 - e. Indefinite pricing.
 - f. No monitoring of contractor performance.
- The Parish did not maintain complete accountability for trailers and mobile homes purchased and included as support for expedited funding received for project worksheet number 8. The Parish's inventory list contained only 591 trailers and mobile homes, whereas payment was made to two contractors for 735 units during the audit period. This leaves 144 units unaccounted for at an estimated cost of more than \$2,490,000.

Recommendation:

We recommend that all findings from this report be investigated and procedures should be implemented to correct these findings.

Corrective Action Plan:

All findings have been investigated by the Parish. Procedures have been implemented to prevent these findings in the future and to ensure that the Parish is in compliance with federal and state laws and regulations. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

9. *Interfund Receivables, Payables, and Transfers*

Observation:

Interfund receivables, payables, and transfers did not balance between funds as of December 31, 2006. We were unable to obtain audit evidence of the activity of these transactions; therefore, we cannot determine the accuracy and appropriateness of these transactions in 2006. As a result, there is a risk that restricted funds may have been spent inappropriately.

Recommendation:

We recommend that interfund transactions be investigated for 2006. Interfund receivable, payables, and transfers should be balanced between all funds.

**ST. BERNARD PARISH GOVERNMENT
OBSERVATIONS, RECOMMENDATIONS, AND
CORRECTIVE ACTION PLAN (CONTINUED)
December 31, 2006**

Corrective Action Plan:

We have recently hired a CPA as our Interim Director of Finance. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

10. Other General Internal Control Issues

Observation:

During our audit, we also noted the following additional control issues:

- The Parish should reevaluate the recordkeeping for Parish vehicles. When testing new vehicles purchased during 2005 and 2006, we were unable to locate certain vehicles and the person responsible for the vehicle.
- The Parish should reevaluate overtime policies and procedures and essential personnel policies during emergencies.
- The Parish should ensure adjusting journal entries prepared by the Accounting Department are reviewed and approved before posting.
- The Parish should ensure purchasing procedures are being followed. Requisition and purchase orders should be prepared, reviewed, approved before payments are issued. It appears that in some cases, proper procedures were not followed.
- Records appear to have been lost or discarded after Hurricane Katrina.

Recommendation

We recommend that the Parish implement internal controls to improve record keeping for fixed assets, purchasing procedures, overtime monitoring, and accounting procedures. Also, policies should be developed to prevent future loss of documents in the aftermath of catastrophic events in the future.

Corrective Action Plan:

The Administration of the Parish is currently evaluating controls over all areas of Parish Government and ensuring that proper procedures are followed in all departments. The Administration is transitioning all Parish departments to become paperless and to operate in a digital record keeping format. These efforts will ensure that problems that arose in the aftermath of Hurricane Katrina will not reoccur. The contact person is Ray Lightell, CPA, Interim Director of Finance, (504) 278-4255.

Court Exhibit D

From: Kim Owens <kowens@sbsp.net>
To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>

Date: Tuesday, December 22, 2015 10:26AM
Subject: Public Records Request Response (4 of 4)

History: ✉ This message has been replied to.

Ms. James,

Attached are the 2007 financial statements for St. Bernard Parish Government per you request dated 12/15/15.

Thank You,

Kim Owens
Executive Assistant to the President
St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Court Exhibit E

From: Kim Owens <kowens@sbsp.net>
To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>

Date: Monday, January 04, 2016 11:06AM
Subject: FW: Public Records Request Response (4 of 4)

History: ✦ This message has been replied to.

Erika,

Attached is St. Bernard Parish Government's 2007 Financial Statement.

Thanks,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]

Sent: Tuesday, December 29, 2015 10:00 AM

To: Kim Owens

Cc: Scott M. Smith; William M. McGoey

Subject: Re: Public Records Request Response (4 of 4)

Hi Kim,

Hope you had a great holiday! It appears that the 2007 Financial Statement was not actually attached to the email. At your earliest convenience, could you please resend?

Thanks,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 12/22/2015 10:26AM
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>
Subject: Public Records Request Response (4 of 4)

Ms. James,

Attached are the 2007 financial statements for St. Bernard Parish Government per your request dated 12/15/15.

Thank You,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

**St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbsp.net**

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

**St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbsp.net**

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

SBPG 2007.pdf

OFFICIAL
FILE COPY
DO NOT SEND OUT
(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

ST. BERNARD PARISH GOVERNMENT
STATE OF LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 10/8/08

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2007

Page
Number

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		3-11
BASIC FINANCIAL STATEMENTS		
Government-wide Financial Statements:	<u>Exhibit</u>	
Statement of Net Assets	A.....	12
Statement of Activities	B.....	13-14
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C.....	15-16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	E.....	18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F.....	20
Proprietary Funds:		
Statement of Net Assets	G.....	21-22
Statement of Revenues, Expenses, and Changes in Fund Net Assets	H.....	23
Statement of Cash Flows	I.....	24-25
Notes to the Financial Statements		26-53
REQUIRED SUPPLEMENTARY INFORMATION		
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	<u>Schedule</u>	
General Fund	1.....	54
Public Works	2.....	55
Garbage District No. 1	3.....	56
Consolidated Fire Protection District No. 1-2	4.....	57
Library	5.....	58
Notes to the Required Supplementary Information		59

**ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2007**

Page
Number

FINANCIAL SECTION (CONTINUED)

OTHER SUPPLEMENTAL INFORMATION

	<u>Schedule</u>
Nonmajor Governmental Funds:	
Fund Descriptions	60-64
Combining Balance Sheet.....6.....	65-74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....7.....	75-84
Nonmajor Enterprise Funds:	
Fund Descriptions.....	85
Combining Statement of Net Assets.....8.....	86
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....9.....	87
Combining Statement of Cash Flows.....10.....	88
Internal Service Funds:	
Fund Descriptions.....	89
Combining Statement of Net Assets.....11.....	90
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets.....12.....	91
Combining Statement of Cash Flows.....13.....	92
Schedule of Council Members Compensation.....	14.....93

ST. BERNARD PARISH GOVERNMENT
TABLE OF CONTENTS
DECEMBER 31, 2007

Page
Number

SINGLE AUDIT SECTION

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	94-95
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	96-97
Schedule of Expenditures of Federal Awards..... 15.....	98
Notes to Schedule of Expenditures of Federal Awards	99
Schedule of Findings and Questioned Costs.....	100-105
Schedule of Prior Year Findings.....	106
Management's Corrective Action Plan.....	107-108

FINANCIAL SECTION

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TIZZARD*
JAMES E. TONGLET*

*PROFESSIONAL CORPORATION
*LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

INDEPENDENT AUDITOR'S REPORT

St. Bernard Parish Council
Chalmette, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the basic financial statements of the St. Bernard Parish Government as listed in the table of contents. These financial statements are the responsibility of the St. Bernard Parish Government's management. Our responsibility is to express an opinion on these financial statements based on our audit. We were not engaged to audit the financial statements of the discretely presented component units, St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court. The St. Bernard Parish Home Mortgage Authority's financial statements were reviewed by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the St. Bernard Home Mortgage Authority, is based on the report of the other auditors. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in St. Bernard Parish's basic financial statements for the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is based on the report of the other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of December 31, 2007, and the results of its operations and its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2008, on our consideration of the St. Bernard Parish Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

ERICKSEN KRENTEL & LA PORTE L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

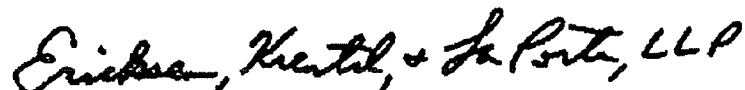
St. Bernard Parish Council
September 8, 2008
Page 2

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 54 through 59 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

September 8, 2008



Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007**

As management of the St. Bernard Parish Government (the Parish), we offer readers of the Parish's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the Parish's financial statements and the notes to the financial statements.

Management's Discussion and Analysis (MD&A) is a new element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments* issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A to provide a more meaningful comparative analysis of the government-wide data.

Financial Highlights

- The 2007 financial statements are significantly affected by the substantial amounts of Federal assistance reflective of the post Hurricane Katrina rebuilding efforts. Total expenses for the primary government were approximately \$250,903,791. The majority of these expenses were supported by federal project worksheets and utilized for the reconstruction of Parish infrastructure and its general debris cleanup.
- The assets of the Parish exceeded its liabilities at the close of the most recent fiscal year by \$55,123,881 (net assets). Of this amount, \$24,391,130 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$524,522 from total net assets of \$55,648,408 recorded in the financial statements for the fiscal year 2006.
- As of the close of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of 3,989,352. Approximately \$1,439,812 of this total amount is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,593,426, or 15 percent of total general fund expenditures which is a decrease of \$1,012,103 from the fiscal year 2006.
- As noted in the Balance Sheet of the Governmental Funds, the Parish has an accounts payable balance of \$96,976,804 at the end of the fiscal year 2007. Approximately \$88,310,072 of this amount is in the Debris Removal and Hurricane Katrina Funds and fully reimbursable from the F.E.M.A.
- The Parish's total outstanding debt in all funds is \$59,115,000 and includes the \$50,000,000 of Sales Tax Bonds, Series 2004 issued by the Water & Sewer Division in 2003. The outstanding amount is not dramatically different from the previous year.

Overview of the Financial Statements

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

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

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

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

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007

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

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

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

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

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

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

The Parish maintains 50 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Public Works, Garbage District No. 1, Consolidated Fire Protection No. 1-2, the Library, Debris removal, Hurricane Katrina and Hurricane Reconstruction, all of which are considered to be major funds. Data from the other 42 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic financial governmental fund financial statements can be found on pages 12-20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Division, which is considered to be a major fund of the Parish. All other District funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The two internal services funds are also combined into a single, aggregated presentation. Individual fund data for the District funds and the internal service funds is provided in the form of *combining statements* elsewhere in the report.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007**

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-53.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning variances of budget to actual amounts for the General Fund and all major special revenue funds. Required supplementary information can be found on pages 54-59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental, proprietary and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60-92 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Parish, assets exceeded liabilities by \$55,123,881 at the close of the most recent fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>
Current and other assets	\$ 43,388,097	\$125,497,176	\$ 62,135,985	\$ 51,330,444	\$105,524,082	\$176,827,620
Capital assets	-	31,063,580	36,002,314	39,092,865	36,002,314	70,156,445
Total assets	<u>43,388,097</u>	<u>156,560,756</u>	<u>98,138,299</u>	<u>90,423,309</u>	<u>141,526,396</u>	<u>246,984,065</u>
Long-term liabilities outstanding	-	6,411,177	59,003,132	54,627,056	59,003,132	61,038,233
Other liabilities	<u>20,314,657</u>	<u>122,402,281</u>	<u>6,560,204</u>	<u>8,419,670</u>	<u>26,874,861</u>	<u>130,821,951</u>
Total liabilities	<u>20,314,657</u>	<u>128,813,458</u>	<u>65,563,336</u>	<u>63,046,726</u>	<u>85,877,993</u>	<u>191,860,184</u>
Net assets:						
Invested in capital assets, net of related debt	-	31,063,580	(24,575,812)	(17,089,185)	(24,575,812)	13,974,395
Restricted	2,550,302	2,549,540	14,193,569	14,208,816	16,743,871	16,758,356
Unrestricted	<u>20,523,138</u>	<u>(5,865,822)</u>	<u>42,957,206</u>	<u>30,256,952</u>	<u>63,480,344</u>	<u>24,391,130</u>
Total net assets	<u>\$ 23,073,440</u>	<u>\$ 27,747,298</u>	<u>\$ 32,574,963</u>	<u>\$ 27,376,583</u>	<u>\$ 55,648,403</u>	<u>\$ 55,123,881</u>

A portion of the Parish's net assets (25.4 percent) reflects investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Parish uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Parish's investment in its capital is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007

An additional portion of the Parish's net assets (30.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$24,391,130 may be used to meet government's ongoing obligations to citizens and creditors. The negative balance of *unrestricted net assets* in business-type activities is due to the majority of cash proceeds are restricted for reinvestment into water & sewer capital assets. Also, the cash proceeds of the 2004 Sales Tax Bond, Series 2004 issuance are restricted for capital assets that have not been purchased or constructed. This amount will reduce in future periods as capital assets are acquired and the bond liability is removed.

St. Bernard Parish Government
Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current and other assets	<u>\$125,497,176</u>	<u>\$ 32,346,505</u>	<u>\$ 51,330,444</u>	<u>\$ 17,856,279</u>	<u>\$176,827,620</u>	<u>\$ 50,202,784</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,838,702	\$ 2,271,808	\$ 2,476,581	\$ 2,686,340	\$ 5,315,283	\$ 4,958,148
Operating grants and contributions	146,046,116	39,865,730	26,100	210,443	146,072,216	40,076,176
Capital grants and contributions	26,720,974	2,171,167	-	-	26,720,974	2,171,167
General revenues:						
Ad valorem taxes	6,163,170	10,634,224	-	931	6,163,170	10,635,155
Sales taxes	12,027,140	6,192,114	3,006,765	2,605,950	15,033,905	8,798,064
Other taxes	1,337,331	1,403,023	-	-	1,337,331	1,403,023
Unrestricted grants and investment						
Earnings	33,679,167	9,123,419	986,627	1,146,155	34,665,794	10,269,574
Other general revenues	<u>2,039,871</u>	<u>22,207,618</u>	<u>387,854</u>	<u>124,072</u>	<u>2,427,725</u>	<u>22,334,690</u>
Total revenues	<u>230,852,471</u>	<u>93,869,103</u>	<u>6,883,927</u>	<u>6,773,891</u>	<u>237,736,398</u>	<u>100,642,994</u>
Program expenses:						
General government	210,722,026	32,757,774	-	-	210,722,026	32,757,774
Public safety	6,656,084	8,571,976	-	-	6,656,084	8,571,976
Public works	12,905,403	10,080,565	-	-	12,905,403	10,080,565
Culture and recreation	2,082,579	2,434,935	-	-	2,082,579	2,434,935
Health and welfare	741,593	1,276,831	-	-	741,593	1,276,831
Capital Outlay	894,019	-	-	-	894,019	-
Interest on long-term debt	292,242	-	3,296,852	2,808,889	3,589,094	2,808,889
Water and sewer	-	-	<u>13,312,993</u>	<u>7,828,155</u>	<u>13,312,993</u>	<u>7,828,155</u>
Total expenses	<u>234,293,946</u>	<u>55,122,081</u>	<u>16,609,845</u>	<u>10,637,044</u>	<u>250,903,791</u>	<u>65,759,125</u>
Change in net assets	<u>\$ (3,441,475)</u>	<u>\$ 38,747,022</u>	<u>\$ (9,725,918)</u>	<u>\$ (3,863,153)</u>	<u>\$ (13,167,393)</u>	<u>\$ 34,883,869</u>

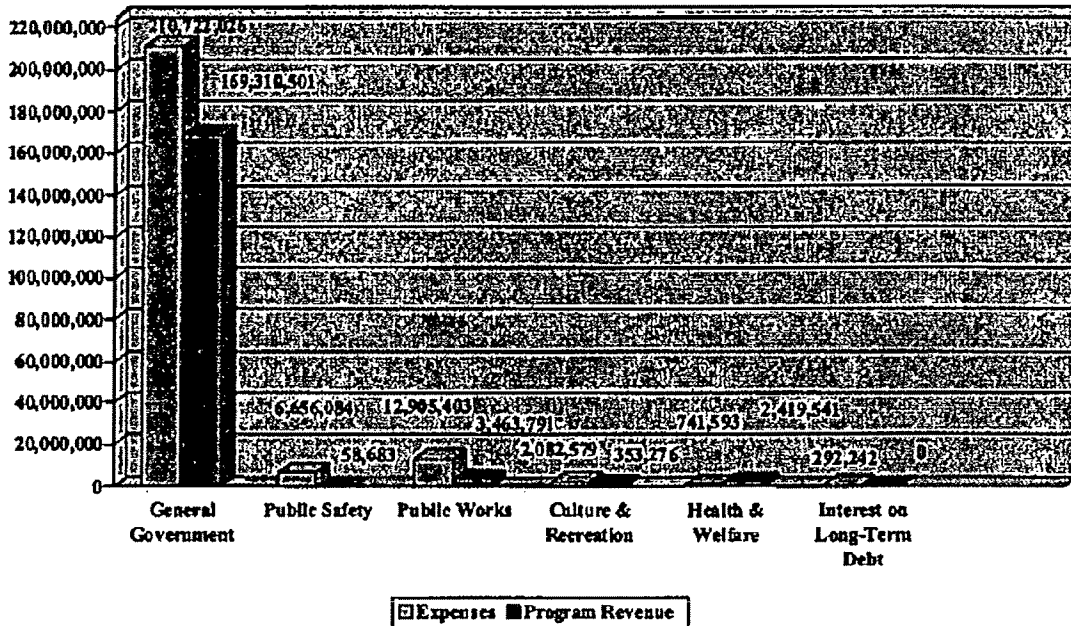
**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007**

Governmental activities. Governmental activities decreased the St. Bernard Parish Governments net assets by \$(3,441,475) thereby accounting for (26.1%) percent of the total decrease \$(13,167,393) in the net assets of the St. Bernard Parish Government.

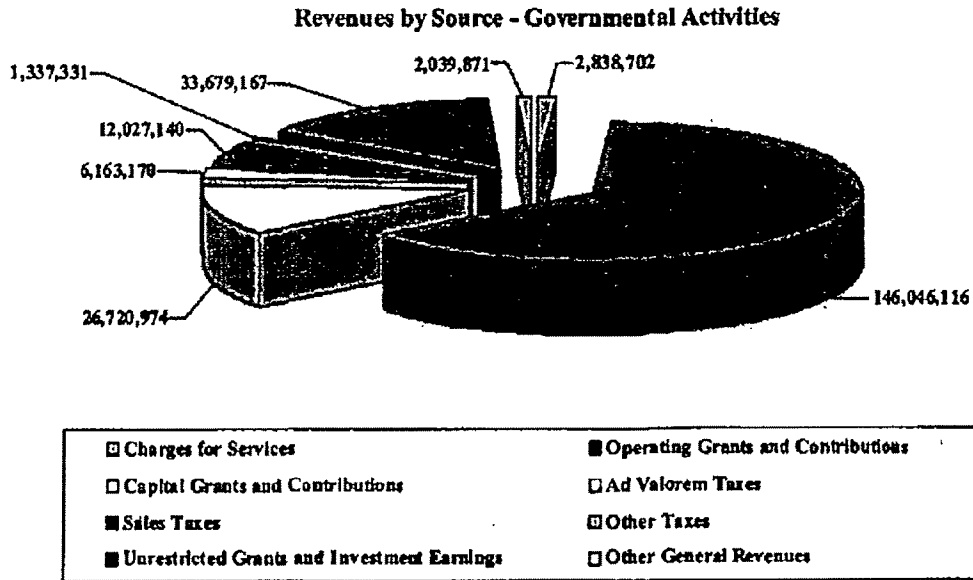
Key elements of this decrease are as follows:

- Post Hurricane Katrina expenses not covered by Federal Grants
- Reduction of Governmental revenues due to decrease in population after Hurricane Katrina
- Time variance in submittal of Federal Project Worksheets to finance reconstruction projects
- Rising costs of mosquito abatement and garbage collections.
- Repairs & maintenance for buildings, equipment and roads increased.

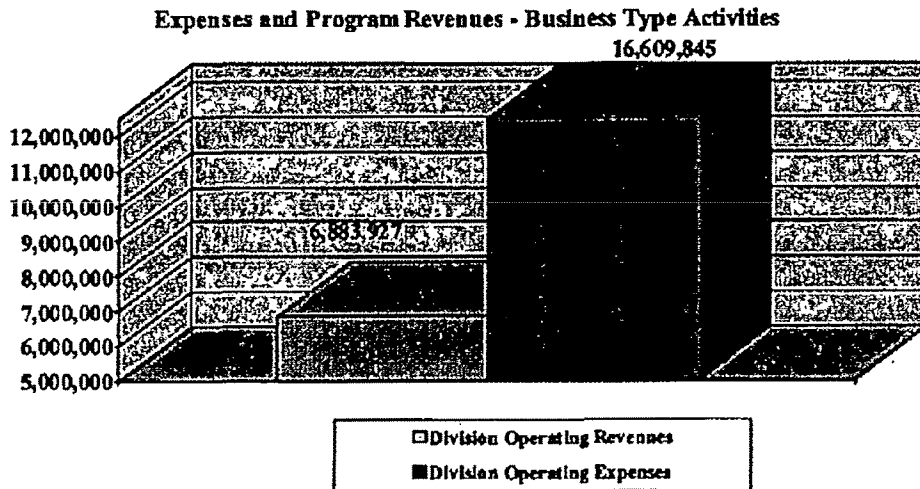
Expenses and Program Revenues by Governmental Activities



**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007**

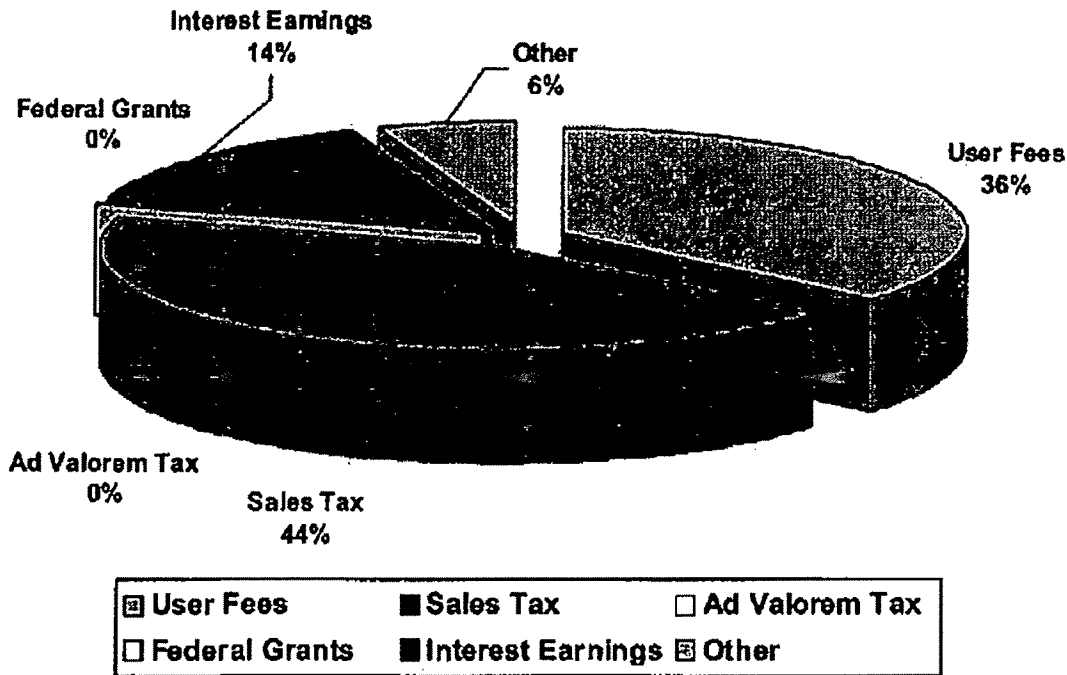


Business-type activities. Business-type activities decreased the St. Bernard Parish Government's net assets by \$(9,725,918). The decline in the business-type activities net assets was attributable to the decrease in revenues resulting from Hurricane Katrina. Water and Sewer services were financed through Federal project worksheets.



**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007**

Revenues by Source - Business Type Activities



Key elements of this decrease are as follows:

- ◆ Decrease in water and sewer fees collected.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$3,989,353, a decrease of \$(18,440,288) in comparison with the prior year. Approximately two-thirds of this total amount \$1,439,812 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period or to pay debt service.

The general fund is the chief operating fund of the Parish. At the end of the current fiscal year, unreserved fund balance of the general fund was \$1,593,426, while the total fund balance reached \$1,644,013. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Both unreserved and total fund balance represent approximately 15 percent of total general fund expenditures.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007**

The fund balance of the St. Bernard Parish Government's general fund decreased by \$(11,558,486) during the current fiscal year. Key factors in this decrease are as follows:

- The previous fiscal year fund balance was expensed on Hurricane Katrina projects
- Timing of Federal assistance grants.

The debt service funds have total combined fund balances of \$1,449,800. The net increase in fund balance during the current year in the debt service funds was \$560,702.

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

Unrestricted net assets of the Water and Sewer Division and the Districts at the end of the year amounted to \$30,256,952. The balance is the remaining proceeds from the Sales Tax Bonds, Series 2004 issued by the Water & Sewer Division in 2003.

Capital Asset and Debt Administration

Capital assets. The Parish's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounts to \$70,156,445 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; furniture and fixtures; machinery and equipment; bridges; water and sewerage systems; canals and roads.

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

- Remaining Proceeds from the 2004 Sales Tax Bonds continues to be used to purchase capital assets and invest in capital improvement projects.
- Reconstruction projects from Hurricane Katrina.

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

Long-term debt. At the end of the current fiscal year, the Parish had total debt outstanding of \$59,115,000. Of this amount, \$985,000 comprises debt backed by the full faith and credit of the government. The remainder of the Parish's debt \$58,130,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ 985,000	\$ 1,280,000	\$ -	\$ -	\$ 985,000	\$ 1,280,000
Certificates of indebtedness	-	105,000	-	-	-	105,000
Sales tax bonds	4,725,000	4,945,000	52,925,000	55,135,000	57,650,000	60,080,000
Special assessment bonds	-	-	-	-	-	-
Revenue bonds	-	-	<u>480,000</u>	<u>590,000</u>	<u>480,000</u>	<u>590,000</u>
Total	<u>\$ 5,710,000</u>	<u>\$ 6,330,000</u>	<u>\$ 53,405,000</u>	<u>\$ 55,725,000</u>	<u>\$ 59,115,000</u>	<u>\$ 62,055,000</u>

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2007

The St. Bernard Parish Government's total long-term debt decreased \$2,940,000 during the current fiscal year. The amount of decreased is consistent with the debt payment schedule.

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

Additional information on the Parish's long-term debt can be found in note 9 on pages 42-47 of this report.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<u>Primary Government</u>			<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>	<u>Judicial Clerk</u>	<u>Home Mortgage</u>
	<u>Activities</u>	<u>Activities</u>		<u>34th District</u>	<u>Authority</u>
ASSETS:					
Cash and cash equivalents	\$ 20,548,102	\$ 4,479,174	\$ 25,027,276	\$ 253,415	\$ 29,575,926
Investments	3,531,225	-	3,531,225	-	-
Receivables (net of allowances for uncollectibles)					
Sales taxes	1,965,100	-	1,965,100	-	-
Ad valorem taxes	11,535,489	-	11,535,489	-	-
Beer and tobacco taxes	21,283	-	21,283	-	-
Cable franchise fees	7,628	-	7,628	-	-
Customer	-	583,420	583,420	-	-
Intergovernmental	64,005,182	-	64,005,182	-	-
Other	19,380,511	-	19,380,511	-	446,461
Unbilled charges	-	1,008,401	1,008,401	-	-
Due from other funds	4,286,278	12,504,343	16,790,621	32,855	-
Prepays	118,772	57,683	176,455	-	-
Inventory	-	201,645	201,645	-	-
Deferred special assessments	95,254	-	95,254	-	-
Restricted assets - cash and cash equivalents	-	32,495,778	32,495,778	-	-
Restricted assets - receivables	-	-	-	-	-
Other assets	2,352	-	2,352	-	1,156,094
Capital assets (net of accumulated depreciation)	<u>31,063,580</u>	<u>39,092,865</u>	<u>70,156,445</u>	<u>25,651</u>	<u>-</u>
Total assets	<u>156,560,756</u>	<u>90,423,309</u>	<u>246,984,065</u>	<u>311,921</u>	<u>31,178,481</u>
LIABILITIES:					
Accounts payable	96,713,512	2,263,292	98,976,804	21,239	4,000
Bonds payable	26,841	-	26,841	-	-
Claims payable	3,576,117	872,952	4,449,069	-	-
Retainage payable	13,635	-	13,635	-	-
Salaries and payroll deductions payable	455,610	16,105	471,715	-	-
Payable from restricted assets	-	-	-	-	-
Due to other funds	15,040,857	1,299,619	16,340,476	-	-
Deferred revenues	6,002,378	-	6,002,378	-	281,700
Accrued interest payable	58,331	-	58,331	-	544,620
Non-current liabilities:					
Due within one year	515,000	3,967,702	4,482,702	-	-
Due in more than one year	6,411,177	54,627,056	61,038,233	-	29,980,202
Total liabilities	<u>128,813,458</u>	<u>63,046,726</u>	<u>191,860,184</u>	<u>21,239</u>	<u>30,810,522</u>
NET ASSETS:					
Invested in capital assets, net of related debt	31,063,580	(17,089,185)	13,974,395	25,651	-
Restricted for:					
Debt service	(15,472)	488,862	473,390	-	-
Other purposes	2,565,012	13,719,954	16,284,966	-	-
Unrestricted	<u>(5,865,822)</u>	<u>30,256,952</u>	<u>24,391,130</u>	<u>265,031</u>	<u>367,959</u>
Total net assets	<u>\$ 27,747,298</u>	<u>\$ 27,376,583</u>	<u>\$ 55,123,881</u>	<u>\$ 290,682</u>	<u>\$ 367,959</u>

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government:				
Legislative	\$ -	\$ -	\$ -	\$ -
Judicial	1,025,151	287,126	-	-
Elections	-	-	-	-
Finance and administration	14,110	-	-	-
Other general government	209,682,765	2,190,277	143,086,861	23,746,237
Public safety	6,656,084	170	58,513	-
Public works	12,905,403	85,328	403,726	2,974,737
Cultural and recreation	2,082,579	(2,915)	356,191	-
Health and welfare	741,593	278,716	2,140,825	-
Capital Outlay	894,019	-	-	-
Interest on long-term debt	292,242	-	-	-
Total governmental activities	<u>234,293,946</u>	<u>2,838,702</u>	<u>146,046,116</u>	<u>26,720,974</u>
Business-type activities:				
Water and sewer	13,312,993	2,476,581	26,100	-
Interest on long-term debt	3,296,852	-	-	-
Total business-type activities	<u>16,609,845</u>	<u>2,476,581</u>	<u>26,100</u>	<u>-</u>
Total primary government	<u>\$ 250,903,791</u>	<u>\$ 5,315,283</u>	<u>\$ 146,072,216</u>	<u>\$ 26,720,974</u>
Component units:				
Judicial Clerk of the 34th District	\$ 348,655	\$ 138,013	\$ 233,243	\$ -
Home Mortgage Authority	531,311	-	-	-
Total component units	<u>\$ 879,966</u>	<u>\$ 138,013</u>	<u>\$ 233,243</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property

Sales

Severance

E telephone

Other

Grants and contributions not restricted to specific programs

Investment earnings

Other general revenues

Total general revenues

Net (expense) revenue before transfer

Transfer In (Out)

Change in net assets

Net assets - beginning, as restated

Net assets - ending

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net (Expense) Revenue and Changes in Net Assets				
Governmental Activities	Primary Government Business-type Activities	Total	Component Unit Judicial Clerk 34th District	Component Unit Home Mortgage Authority
\$ -	\$ -	\$ -	\$ -	\$ -
(738,025)	-	(738,025)	-	-
-	-	-	-	-
(14,110)	-	(14,110)	-	-
(40,659,390)	-	(40,659,390)	-	-
(6,597,401)	-	(6,597,401)	-	-
(9,441,612)	-	(9,441,612)	-	-
(1,729,303)	-	(1,729,303)	-	-
1,677,948	-	1,677,948	-	-
(894,019)	-	(894,019)	-	-
(292,242)	-	(292,242)	-	-
<u>(58,688,154)</u>	<u>-</u>	<u>(58,688,154)</u>	<u>-</u>	<u>-</u>
-	(10,810,312)	(10,810,312)	-	-
-	(3,296,852)	(3,296,852)	-	-
-	(14,107,164)	(14,107,164)	-	-
<u>\$ (58,688,154)</u>	<u>\$ (14,107,164)</u>	<u>\$ (72,795,318)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (348,655)	\$ -
-	-	-	-	(531,311)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (348,655)</u>	<u>\$ (531,311)</u>
\$ 6,163,170	\$ -	\$ 6,163,170	\$ -	\$ -
12,027,140	3,006,765	15,033,905	-	-
850,015	-	850,015	-	-
228,375	-	228,375	-	-
258,941	-	258,941	138,013	-
32,303,984	-	32,303,984	-	-
1,375,183	986,627	2,361,810	-	445,955
2,039,871	387,854	2,427,725	233,243	(17,153)
<u>55,246,679</u>	<u>4,381,246</u>	<u>59,627,925</u>	<u>371,256</u>	<u>428,802</u>
(3,441,475)	(9,725,918)	(13,167,393)	-	-
(1,500,000)	1,511,122	11,122	-	-
(4,941,475)	(8,214,796)	(13,156,271)	22,601	(102,509)
<u>32,688,773</u>	<u>35,591,379</u>	<u>68,280,152</u>	<u>268,081</u>	<u>470,468</u>
<u>\$ 27,747,298</u>	<u>\$ 27,376,583</u>	<u>\$ 55,123,881</u>	<u>\$ 290,682</u>	<u>\$ 367,959</u>

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

**ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>	<u>Consolidated Fire Protection District No. 1-2</u>
ASSETS:				
Cash and cash equivalents	\$ 734,134	\$ 200,544	\$ (5,815,228)	\$ (5,293,345)
Receivables (net of allowances for uncollectibles)				
Sales taxes	1,965,099	-	-	1
Ad valorem taxes	1,223,516	1,355,608	1,355,553	3,356,821
Beer and tobacco taxes	21,283	-	-	-
Cable franchise fees	7,628	-	-	-
Intergovernmental	19,869	125,400	22,012	20,490
Other	-	680,337	(305)	(5,345)
Deferred special assessments	-	-	-	-
Due from other funds	730,494	294,080	-	8,572
Prepays	12,108	5,536	-	2,278
Other assets	-	-	-	-
Total assets	<u>\$ 4,714,131</u>	<u>\$ 2,661,505</u>	<u>\$ (4,437,968)</u>	<u>\$ (1,910,528)</u>
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Bonds payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	(35,019)	81,364	(13,154)	220,187
Due to other funds	1,797,894	90,442	99,243	149,293
Deferred revenues	<u>640,137</u>	<u>709,217</u>	<u>709,217</u>	<u>1,761,846</u>
Total liabilities	<u>3,070,118</u>	<u>937,753</u>	<u>1,712,391</u>	<u>3,133,923</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	50,587	232,341	2,745	289,276
Unreserved, undesignated, reported in:				
General fund	1,593,426	-	-	-
Special revenue funds	-	1,491,411	(6,153,104)	(5,333,727)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>1,644,013</u>	<u>1,723,752</u>	<u>(6,150,359)</u>	<u>(5,044,451)</u>
Total liabilities and fund balances	<u>\$ 4,714,131</u>	<u>\$ 2,661,505</u>	<u>\$ (4,437,968)</u>	<u>\$ (1,910,528)</u>

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

ST. BERNARD PARISH GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

Library	Debris Removal	Hurricane Katrina	Hurricane Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 3,954,475	\$ 4,151,911	\$ (2,203,954)	\$ 10,519,614	\$ 12,749,736	\$ 18,997,887
-	-	-	-	-	1,965,100
1,674,487	-	-	-	2,569,504	11,535,489
-	-	-	-	-	21,283
-	-	-	-	-	7,628
-	63,584,823	-	-	232,588	64,005,182
-	-	9,693,804	-	9,012,020	19,380,511
-	-	-	-	95,254	95,254
485,273	1,630,602	287,257	-	-	3,436,278
-	-	-	-	16,749	36,671
-	-	-	-	2,352	2,352
<u>\$ 8,864,235</u>	<u>\$ 69,367,336</u>	<u>\$ 7,777,107</u>	<u>\$ 10,519,614</u>	<u>\$ 24,678,203</u>	<u>\$ 122,233,635</u>
-	-	26,841	-	-	26,841
-	-	-	-	13,635	13,635
7,635	-	-	-	194,597	455,610
79,053	294,080	11,883,267	485,273	162,312	15,040,857
861,192	-	-	-	1,320,769	6,002,378
<u>947,880</u>	<u>71,212,177</u>	<u>29,302,083</u>	<u>573,026</u>	<u>7,354,932</u>	<u>118,244,283</u>
-	-	-	-	(15,472)	(15,472)
-	-	289,276	-	1,700,787	2,565,012
-	-	-	-	-	1,593,426
7,916,355	(1,844,841)	(21,814,252)	-	4,302,492	(21,435,666)
-	-	-	-	1,465,272	1,465,272
-	-	-	9,946,588	9,870,192	19,816,780
<u>7,916,355</u>	<u>(1,844,841)</u>	<u>(21,524,976)</u>	<u>9,946,588</u>	<u>17,323,271</u>	<u>3,989,352</u>
<u>\$ 8,864,235</u>	<u>\$ 69,367,336</u>	<u>\$ 7,777,107</u>	<u>\$ 10,519,614</u>	<u>\$ 24,678,203</u>	<u>\$ 122,233,635</u>

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

ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2007

Total fund balances at December 31, 2007 - Governmental Funds		\$ 3,989,352
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	57,284,113	
Less accumulated depreciation	<u>(26,220,533)</u>	31,063,580
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	6,926,177	
Accrued interest payable	<u>58,331</u>	(6,984,508)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		<u>(321,126)</u>
Net assets of governmental activities at December 31, 2007		<u>\$ 27,747,298</u>

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
<u>REVENUES:</u>			
Taxes:			
Ad valorem	\$ 784,998	\$ 685,111	\$ 685,084
Sales and use	12,027,140	-	-
Other taxes, penalties, interest, etc.	1,003,406	281	281
Licenses and permits	540,642	-	-
Intergovernmental:			
Federal grants	131,543	-	-
State funds:			
Parish transportation funds	-	578,577	-
State revenue sharing (net)	56,739	62,860	62,860
Other	1,477,261	2,649,979	-
Fees, charges, and commissions for services	688,705	79,483	-
Fines and forfeitures	2,304	-	-
Use of money and property	(30,645)	28,296	(138,312)
Public grants	-	-	-
Other revenues	99,469	73,176	38,231
	<u>16,781,562</u>	<u>4,157,763</u>	<u>648,144</u>
Total revenues			
<u>EXPENDITURES:</u>			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	-	-	-
Other general government	10,686,875	-	-
Public safety	-	-	-
Public works	-	3,841,749	8,484,863
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital outlay	(10,520)	207,369	-
	<u>10,676,355</u>	<u>4,049,118</u>	<u>8,484,863</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>6,105,207</u>	<u>108,645</u>	<u>(7,836,719)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfers in	-	-	3,020,244
Transfers out	(4,737,360)	-	-
	<u>(4,737,360)</u>	<u>-</u>	<u>3,020,244</u>
Total other financing sources (uses)			
Net change in fund balances	1,367,847	108,645	(4,816,475)
Fund balances - beginning, as restated	<u>276,166</u>	<u>1,615,107</u>	<u>(1,333,884)</u>
Fund balances - ending	<u>\$ 1,644,013</u>	<u>\$ 1,723,752</u>	<u>\$ (6,150,359)</u>

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Consolidated Fire Protection District No. 1-2	Library	Debris Removal	Hurricane Katrina	Hurricane Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 1,694,865	\$ 860,748	\$ -	\$ -	\$ -	\$ 1,452,364	\$ 6,163,170
-	-	-	-	-	-	12,027,140
221,695	-	-	-	-	228,835	1,454,498
-	-	-	-	-	280,331	820,973
-	-	137,381,272	23,620,618	-	37,443,112	198,576,545
-	-	-	-	-	205,029	783,606
58,513	74,403	-	-	-	78,386	393,761
-	24,686	-	-	-	49,673	4,201,599
170	-	-	-	-	54,306	822,664
-	-	-	-	-	234,050	236,354
(155,395)	249,080	230,665	-	459,203	611,768	1,254,660
-	47,958	-	-	-	-	47,958
57,943	49,561	-	(4,262)	1,479,692	1,425,827	3,219,637
<u>1,877,791</u>	<u>1,306,436</u>	<u>137,611,937</u>	<u>23,616,356</u>	<u>1,938,895</u>	<u>42,063,681</u>	<u>230,002,565</u>
-	-	-	-	-	1,025,151	1,025,151
-	-	-	-	-	14,110	14,110
-	8,151	136,557,209	27,937,425	113,137	30,337,203	205,640,000
6,440,707	-	-	-	-	215,377	6,656,084
-	-	-	-	-	578,791	12,905,403
-	301,556	-	-	-	1,781,023	2,082,579
-	-	-	-	-	741,593	741,593
-	-	-	-	-	620,000	620,000
-	-	-	-	-	233,911	233,911
650	28,787	-	92,997	-	819,578	1,138,861
<u>6,441,357</u>	<u>338,494</u>	<u>136,557,209</u>	<u>28,030,422</u>	<u>113,137</u>	<u>36,366,737</u>	<u>231,057,692</u>
<u>(4,563,566)</u>	<u>967,942</u>	<u>1,054,728</u>	<u>(4,414,066)</u>	<u>1,825,758</u>	<u>5,696,944</u>	<u>(1,055,127)</u>
-	-	-	-	-	522,116	3,542,360
-	-	-	-	-	(305,000)	(5,042,360)
-	-	-	-	-	217,116	(1,500,000)
(4,563,566)	967,942	1,054,728	(4,414,066)	1,825,758	5,914,060	(2,555,127)
(480,885)	6,948,413	(2,899,569)	(17,110,910)	8,120,830	11,409,211	6,544,479
<u>\$ (5,044,451)</u>	<u>\$ 7,916,355</u>	<u>\$ (1,844,841)</u>	<u>\$ (21,524,976)</u>	<u>\$ 9,946,588</u>	<u>\$ 17,323,271</u>	<u>\$ 3,989,352</u>

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

ST. BERNARD PARISH GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Net change in fund balances - total governmental funds	\$ (2,555,127)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(1,651,326)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	263,977
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>(998,999)</u>
Change in net assets of governmental activities	<u><u>\$ (4,941,475)</u></u>

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<u>ASSETS:</u>				
Current assets:				
Cash and cash equivalents	\$ 3,815,221	\$ -	\$ 3,815,221	\$ 2,214,168
Investments	-	-	-	781,225
Customer receivables (net of allowance for doubtful accounts of \$283,060)	583,420	-	583,420	-
Unbilled charges	1,008,401	-	1,008,401	-
Due from other funds	12,319,140	-	12,319,140	1,035,203
Prepays	28,566	-	28,566	111,218
Inventory	201,645	-	201,645	-
Restricted Assets:				
Cash and cash equivalents:				
Revenue bond debt service reserve	148,150	-	148,150	-
Revenue bond debt service account	374,725	-	374,725	-
Capital renewal and replacement and system improvements accounts	390,815	-	390,815	-
Sales tax bond debt service reserve	1,032,776	-	1,032,776	-
Sales tax bond debt service account	25,488,583	-	25,488,583	-
Construction fund	-	-	-	-
Inflow and infiltration	4,085,768	-	4,085,768	-
Other debt service accounts	547,354	341,560	888,914	-
Customer meter deposits	86,047	-	86,047	-
Sales tax receivable	-	-	-	-
Interest Receivable	-	-	-	-
Total restricted assets	32,154,218	341,560	32,495,778	-
Total current assets	50,110,611	341,560	50,452,171	4,141,814
Capital assets (net of accumulated depreciation)	39,092,865	-	39,092,865	-
Total assets	\$ 89,203,476	\$ 341,560	\$ 89,545,036	\$ 4,141,814

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
LIABILITIES:				
Current liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Uninsured claims payable	-	-	-	-
Self insurance claims payable	4,700	-	4,700	4,444,369
Lease payable	-	-	-	-
Salaries payable	16,105	-	16,105	-
Retainage payable	-	-	-	-
Due to other funds	1,299,619	-	1,299,619	-
Total current liabilities	<u>3,583,716</u>	<u>-</u>	<u>3,583,716</u>	<u>4,452,919</u>
Current liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Bonds payable, net of unamortized debt expense	1,554,994	-	1,554,994	-
Accrued vacation leave	199,590	-	199,590	-
Accrued interest payable	605,996	-	605,996	-
Customer deposits	1,205,681	-	1,205,681	-
Inspection deposits	13,300	-	13,300	-
Retainage payable	388,141	-	388,141	-
Total current liabilities payable from restricted assets	<u>3,967,702</u>	<u>-</u>	<u>3,967,702</u>	<u>-</u>
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	54,627,056	-	54,627,056	-
Total noncurrent liabilities	<u>54,627,056</u>	<u>-</u>	<u>54,627,056</u>	<u>-</u>
Total liabilities	<u>62,178,474</u>	<u>-</u>	<u>62,178,474</u>	<u>4,452,919</u>
NET ASSETS:				
Invested in capital assets, net of related debt	(17,089,185)	-	(17,089,185)	-
Restricted for:				
Capital renewal and replacement and system improvements	9,290,398	-	9,290,398	-
Debt service	147,302	341,560	488,862	-
Inflow and infiltration	125,107	-	125,107	-
Self insurance	-	-	-	(311,105)
Construction	4,294,428	-	4,294,428	-
Unrestricted	30,256,952	-	30,256,952	-
Total net assets	<u>\$ 27,025,002</u>	<u>\$ 341,560</u>	<u>27,366,562</u>	<u>\$ (311,105)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			-	
Net assets of business-type activities			<u>\$ 27,366,562</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
<u>OPERATING REVENUES:</u>				
Charges for service	\$ 2,476,581	\$ -	\$ 2,476,581	\$ 805,763
Other operating revenues	104,265	-	104,265	199,206
Total operating revenues	<u>2,580,846</u>	<u>-</u>	<u>2,580,846</u>	<u>1,004,969</u>
<u>OPERATING EXPENSES:</u>				
Personal services and related benefits	2,032,225	-	2,032,225	5,076
Utilities	718,638	-	718,638	-
Contractual services, supplies, and materials	896,979	-	896,979	-
Professional services	8,545,713	-	8,545,713	28,706
Insurance premiums	-	-	-	1,062,706
Insurance and claims expense	546,256	-	546,256	937,270
Other	225,177	-	225,177	7,246
Total operating expenses	<u>13,000,160</u>	<u>-</u>	<u>13,000,160</u>	<u>2,041,004</u>
Operating loss	<u>(10,419,314)</u>	<u>-</u>	<u>(10,419,314)</u>	<u>(1,036,035)</u>
<u>NONOPERATING REVENUES/(EXPENSES):</u>				
Sales tax	3,006,765	-	3,006,765	-
Ad valorem tax for debt retirement	-	-	-	-
Interest earnings:				
Restricted assets	957,526	7,045	964,571	-
Current assets	-	-	-	52,196
Interest expense and bank fees	(3,296,852)	-	(3,296,852)	-
Federal grants	26,100	-	26,100	-
Other nonoperating revenues	98,386	-	98,386	-
Deductions from taxes	(120,734)	-	(120,734)	-
Total nonoperating revenues (expenses)	<u>671,191</u>	<u>7,045</u>	<u>678,236</u>	<u>52,196</u>
Income (loss) before transfers	<u>(9,748,123)</u>	<u>7,045</u>	<u>(9,741,078)</u>	<u>(983,839)</u>
Transfers in	10,900,047	-	10,900,047	-
Transfers out	<u>(9,388,925)</u>	<u>-</u>	<u>(9,388,925)</u>	<u>-</u>
Change in net assets	<u>(8,237,001)</u>	<u>7,045</u>	<u>(8,229,956)</u>	<u>(983,839)</u>
Total net assets - beginning, as restated	<u>35,262,003</u>	<u>334,515</u>	<u>35,596,518</u>	<u>672,734</u>
Total net assets - ending	<u>\$ 27,025,002</u>	<u>\$ 341,560</u>	<u>\$ 27,366,562</u>	<u>\$ (311,105)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>15,160</u>	
Change in net assets of business-type activities			<u>\$ (8,214,796)</u>	

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer Division	Other Enterprise Funds	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Receipts from customers	\$ 3,013,437	\$ -	\$ 3,013,437	\$ 1,004,969
Payments to suppliers	(8,217,580)	-	(8,217,580)	(2,310,527)
Payments to employees	(2,068,936)	-	(2,068,936)	-
Other operating payments	-	-	-	(5,076)
Net cash provided (used) by operating activities	<u>(7,273,079)</u>	<u>-</u>	<u>(7,273,079)</u>	<u>(1,310,634)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Net transfers in	1,511,122	-	1,511,122	
Effects of prior period adjustments	3,014,454	-	3,014,454	
Payments for deductions for taxes	(120,734)	-	(120,734)	-
Receipts from sales tax	3,105,151	-	3,105,151	-
Proceeds from grants	26,100	-	26,100	-
Acquisition and construction of capital assets	(3,125,723)	-	(3,125,723)	-
Principal paid on capital debt	(4,396,076)	-	(4,396,076)	-
Interest paid on capital debt	(3,287,060)	-	(3,287,060)	-
Net cash provided (used) by capital and related financing activities	<u>(3,272,766)</u>	<u>-</u>	<u>(3,272,766)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Purchase of investments	-	-	-	(13,893)
Interest on cash management activities	1,132,091	7,045	1,139,136	52,196
Net cash provided by investing activities	<u>1,132,091</u>	<u>7,045</u>	<u>1,139,136</u>	<u>38,303</u>
Net increase (decrease) in cash and cash equivalents	(9,413,754)	7,045	(9,406,709)	(1,272,331)
Cash and cash equivalents - beginning, as restated	45,383,193	334,515	45,717,708	3,486,499
Cash and cash equivalents - ending	<u>\$ 35,969,439</u>	<u>\$ 341,560</u>	<u>\$ 36,310,999</u>	<u>\$ 2,214,168</u>

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

ST. BERNARD PARISH GOVERNMENT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<u>Classified as:</u>				
Cash and cash equivalents	\$ 3,815,221	\$ -	\$ 3,815,221	\$ 2,214,168
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	148,150	-	148,150	-
Revenue bond debt service account	374,725	-	374,725	-
Capital renewal and replacement and system improvements accounts	390,815	-	390,815	-
Sales tax bond debt service reserve	1,032,776	-	1,032,776	-
Sales tax bond debt service account	25,488,583	-	25,488,583	-
Construction fund	-	-	-	-
Inflow and infiltration	4,085,768	-	4,085,768	-
Other debt service accounts	547,354	341,560	888,914	-
Customer meter deposits	86,047	-	86,047	-
	<u>\$ 35,969,439</u>	<u>\$ 341,560</u>	<u>\$ 36,310,999</u>	<u>\$ 2,214,168</u>
Totals				
	<u>\$ 35,969,439</u>	<u>\$ 341,560</u>	<u>\$ 36,310,999</u>	<u>\$ 2,214,168</u>
<u>Reconciliation of operating loss to net cash used by operating activities:</u>				
Operating loss	\$ (10,419,314)	\$ -	\$ (10,419,314)	\$ (1,036,035)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	35,172	-	35,172	-
(Increase) decrease in receivables	85	-	85	-
(Increase) decrease in unbilled charges	684,114	-	684,114	-
(Increase) decrease in inventory	-	-	-	-
(Increase) decrease in prepaid expenses	(4,668)	-	(4,668)	(145,975)
(Increase) decrease in due to (from) other funds	764,700	-	764,700	(981,422)
Increase (decrease) in accounts payable and other accruals	1,918,440	-	1,918,440	(29,296)
Increase (decrease) in customer deposits	(251,608)	-	(251,608)	-
Increase in self insurance claims payable	-	-	-	882,094
	<u>3,146,235</u>	<u>-</u>	<u>3,146,235</u>	<u>(274,599)</u>
Total adjustments				
	<u>3,146,235</u>	<u>-</u>	<u>3,146,235</u>	<u>(274,599)</u>
Net cash provided (used) by operating activities	<u>\$ (7,273,079)</u>	<u>\$ -</u>	<u>\$ (7,273,079)</u>	<u>\$ (1,310,634)</u>

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

**ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Financial Reporting Entity

The St. Bernard Parish Council is the governing authority for St. Bernard Parish. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Government is the financial reporting entity for St. Bernard Parish. The financial reporting entity consists of: (1) the primary government (Parish Government), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, established criteria for determining the governmental reporting entity and which component units should be considered part of the St. Bernard Parish Government for financial reporting purposes. The basic criteria are as follows:

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

	<u>Fiscal Year End</u>	<u>Criteria Used</u>
St. Bernard Parish Library	December 31	1
St. Bernard Parish Government Department of Public Works Water and Sewer Division and the Districts	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1
St. Bernard Parish Economic Development	December 31	2
Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court	December 31	3

The basic financial statements of the Primary Government include all funds and organizations for which the Parish government maintains the accounting records. The organizations for which the Parish government maintains the accounting records are considered part of the primary government and include the Thirty-Fourth Judicial District Criminal Court Fund.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Reporting Entity (continued)

Blended Component Units

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

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

The St. Bernard Parish Water and Sewer Commission was created by an intergovernmental agreement dated November 13, 1985, as ratified, confirmed and approved by Louisiana Revised Statute 33:7802 which became effective July 2, 1986. The statute declared the Commission to be a body politic and political subdivision of the State of Louisiana. It also gave the Commission the power to tax, incur debt, and issue bonds. The powers of the Commission were exercised within the boundaries of St. Bernard Parish. The Commission's major operation was to provide water and sewerage services for the Parish of St. Bernard. The Commission was composed of seven members representing the participating entities and assumed control of operations and began providing services effective with the close of business on December 31, 1985. Prior to that time, such water and sewerage services had been provided by five separate entities: St. Bernard Water District No. 1, St. Bernard Water District No. 2, St. Bernard Sewer District No. 1, St. Bernard Sewer District No. 2, and St. Bernard Sewer District No. 1-2. On December 31, 1985, St. Bernard Sewer District No. 1-2, a contractual entity which had performed sewerage operations for St. Bernard Sewer Districts No. 1 and No. 2, was dissolved. The other water and sewer districts remain in existence and serve primarily as tax levying entities. On November 1, 1996, the St. Bernard Parish Water and Sewer Commission was consolidated and merged into the St. Bernard Parish Government and is now known as the St. Bernard Parish Government Department of Public Works Water and Sewer Division (the "Division"). The Commission was abolished and the Parish Council assumed all rights, revenues, resources, authority, and obligations of the Commission. The water and sewer districts still exist as separate political subdivisions; however, the parish council is the governing authority. Each District retained its rights, revenues, resources, jurisdiction, authority, indebtedness and any other obligations it possessed prior to November 1, 1996, including the authority to continue to levy ad valorem taxes. Because the Parish government is the governing board of the Districts, the Districts are considered to be component units of the St. Bernard Parish Government. The Division consists of two water plants that monitor and maintain 110 sewer lift stations. It also operates four sewerage treatment plants, one sewerage oxidation pond, and two sewerage treatment package plants.

Discretely Presented Component Unit

The component unit columns in the combined basic financial statements include the financial data of the St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Reporting Entity (continued)

Discretely Presented Component Unit (continued)

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. As of March 31, 2007, all bonds of the Authority have been defeased or paid off in full. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which are empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate reviewed financial reports prepared by Duplantier, Hrapmann, Hogan & Maher, L.L.P. containing additional information that may be required of the Home Mortgage Authority and more detailed information regarding operational results are available from the Parish for the period ended March 31, 2008. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court was established June 1986 by Act No. 47, Subsection A of Section 996.48 of Title 13 of the Louisiana Revised Statutes of 1950 by the Legislature of Louisiana. The Act provides for the collection of fees or costs in addition to all other fees or costs now or hereafter provided by law. The Clerk of Court of the Thirty-Fourth Judicial District Court shall collect from every person filing any type of civil suit or proceeding and who is not otherwise exempted by law from the payment of court costs, a sum to be determined by Judges of said district, sitting en banc, which sum shall not exceed thirty dollars, subject; however, to the provisions of Louisiana Code of Civil Procedure, Article 5181, et seq.; and, in all criminal cases in St. Bernard Parish, there shall be taxed as costs against every defendant who is convicted after trial or after he pleads guilty or who forfeits his bond, a sum likewise determined, but which shall not exceed twenty-five dollars, which shall be in addition to all other fines, costs, or forfeitures lawfully imposed, and which shall be transmitted to the said court for further disposition in accordance herewith. The Judges, en banc, may appoint such law clerks, secretarial, clerical, research, administrative, or other personnel as they deem necessary to expedite the business and function of the court and fix and pay all or any part of the salaries or reasonable expenses of such personnel out of the moneys in the District Court. In like manner, the Judges, en banc, may utilize the moneys in the District Court to pay all or any part of the cost of establishing or maintaining a law library for the court or for buying, leasing, or maintaining any type of equipment, supplies, or other items consistent with or germane to the efficient operation of the court, or to pay for actual expenses incurred, including travel, lodging, tuition, and fees, by any judge or clerk in attending any seminar or conference germane to the proper operation of the court.

Separate reviewed financial reports prepared by Durnin & James, CPAs containing additional information that may be required of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court and more detailed information regarding operational results are available from the Parish for the year ended December 31, 2007. The Parish has elected to omit other required disclosure relating to this component unit as it is considered immaterial.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial Reporting Entity (continued)

Related Organizations

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

(b) Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Presentation

FUND FINANCIAL STATEMENTS (CONTINUED)

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

General Fund - The General Fund is the principal fund of the Parish government and is used to account for all activities of the Parish government except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources which by law are designated to finance particular functions or activities of the Parish government. The four special revenue funds reported as major funds in the fund financial statements are as follows:

Public Works Fund - The Public Works Fund is used to account for the operations and maintenance of all parish infrastructure (roads, bridges, right of ways, neutral grounds, including ditches and drainage, and operation of the mosquito control program). Revenues of this fund are substantially derived from the Parish Transportation Fund, Parish Road Royalty Fund, and a Parish ad valorem tax.

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

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

The *Hurricane Katrina Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those projects financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. The capital projects fund reported as a major fund in the fund financial statements is as follows:

The *Hurricane Reconstruction Fund* is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

Proprietary Funds:

Enterprise Funds - Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements are as follows:

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of Presentation

FUND FINANCIAL STATEMENTS

Proprietary Funds (continued):

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

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies within the same government or to other governments or not-for-profit associations on a cost reimbursement basis. The internal service fund totals are presented as a part of the proprietary fund financial statements. The financial statements of the internal service funds are allocated to the governmental activities and business-type activities columns when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

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

(c) Basis of Accounting and Measurement Focus

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

"Measurable" means the amount of the transaction can be determined and "available" means the resources will be collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues, including investment earnings are recorded as earned since they are measurable and available. Nonexchange transactions, in which the Parish government receives value without directly giving value in return, include sales and use tax, property tax, special assessments, and grants. Property taxes are considered measurable in the calendar year of the tax levy if collected soon enough to meet availability criteria. Sales and use taxes are considered "measurable" when the underlying transaction occurs and meets the availability criteria. Special assessments are recognized as revenues only to the extent that individual installments are considered assets in the governmental fund types. Revenue from grants is recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of Accounting and Measurement Focus (continued)

FUND FINANCIAL STATEMENTS (CONTINUED)

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is not recognized until due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

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

(d) Budgetary Accounting

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

(e) Assets, Liabilities, and Fund Equity

CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

For purposes of the Statement of Cash Flows, cash includes amounts in petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in certificates of deposit with maturities less than or equal to one year.

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) **Assets, Liabilities, and Fund Equity (continued)**

RESTRICTED ASSETS

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

ACCOUNTS RECEIVABLE

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

INVENTORIES AND PREPAID ITEMS

The Water and Sewer Division Enterprise Fund maintains an inventory of parts and expendable supplies that is valued at the lower of cost or market. The inventory is recognized as an expense when consumed.

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

INTERFUND RECEIVABLES AND PAYABLES

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

CAPITAL ASSETS

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

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

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(e) **Assets, Liabilities, and Fund Equity (continued)**

CAPITAL ASSETS (CONTINUED)

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

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

DEFERRED REVENUES

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

LIABILITY FOR CLAIMS AND JUDGMENTS

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

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

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

An annual analysis of all open policy years for workers compensation and automobile and general liability is completed by the risk manager and legal council to determine the exposure in each policy year. When it is determined that losses on outstanding and current claims can be reasonably estimated, an evaluation on the policy year is performed. The evaluation determines if a dividend can be declared by the self insurance fund for that policy year. Once it is determined that a dividend can be declared, the findings are reviewed by the administration and presented before the Parish Council. The Parish Council then must pass an ordinance declaring a dividend from the self insurance fund and dedicating the dividend to a project. There were no dividends paid for the year ended December 31, 2007.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

LONG-TERM DEBT

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

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

Governmental Activities

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2002 Certificates of Indebtedness, the 2003 Sales Tax Bond issues, and the 2005 General Obligation Bonds. The cost of issuance on the 2005 General Obligation Bonds of \$2,375 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2007 was \$3,894.

Business-type Activities

Unamortized debt expense of the Division is comprised of costs associated with the 2001 Revenue Bond Issues and the 1999 and 2004 Sales Tax Bond Issues.

The cost of issuance on the 2001 Revenue Bond Issue of \$14,575 is amortized using the straight-line method over the 10-year life of the bond. The cost of the issuance on the 1999 Sales Tax Bond Issue of \$72,701 is amortized using the straight-line method over the 20-year life of the bond. The cost of the issuance on the 2004 Sales Tax Bond Issue of \$601,585 is amortized using the straight-line method over the 20-year life of the bond. The bond premium on the 2004 Sales Tax Bonds of \$1,473,837 is amortized using the straight-line method over the 20-year life of the bond. Total amortization expense for the year ended December 31, 2007 was \$108,864.

COMPENSATED ABSENCES

Substantially all employees of the Parish government earn from 10 to 20 days of annual leave each year depending on length of service. Annual leave accumulated in one year must be used by December 31 of the following year. Accumulated annual leave may be used only after 26 weeks of service. Substantially all employees of the Parish government accrue one day of sick leave for each month of continuous employment. Sick leave may be accumulated to a maximum of 90 days.

Fire department employees may be paid out for their accrued vacation upon retirement or termination. Reimbursement of annual leave accrual is limited to 1,200 hours. Firefighters can get paid up to 1/3 of their accumulated sick pay upon termination. According to L.R.S. 33:1995, firemen employed by the Parish government are entitled to full pay during sickness or incapacity not brought about by the fireman's own negligence for a period of fifty-two weeks. At December 31, 2007, accrued vacation was \$950,128 and accrued sick leave was \$319,929 for governmental activities.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Assets, Liabilities, and Fund Equity (continued)

COMPENSATED ABSENCES (CONTINUED)

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year, up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2007, the accrued vacation was \$194,212 for business-type activities.

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

RESTRICTIONS AND DESIGNATIONS OF NET ASSETS

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

NET ASSETS

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

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

ACCOUNTING ESTIMATES

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

(a) Budgets

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

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

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

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

No funds have budgeted revenues and/or other sources which exceed 5% of actual and/or other sources.

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
Expenditures:				
General Fund	\$ 10,676,355	\$ 5,907,242	\$ 5,014,169	44.67
Garbage District	8,484,863	6,180,361	2,304,502	27.16
Consolidated Fire Protection District	6,441,357	5,286,929	1,154,428	17.92

(3) CASH, CASH EQUIVALENTS AND INVESTMENTS

The St. Bernard Parish Government maintains a consolidated cash pool that is available for use by all funds. Each fund type's portion of the consolidated cash pool is displayed on the Statement of Net Assets as "cash". Cash overdrafts within the individual funds amounted to \$16,320,126 at December 31, 2007.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

(a) Deposits - Primary Government

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

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

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

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

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

At December 31, 2007, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 300,000</u>	<u>\$ 62,510,000</u>	<u>\$ -</u>	<u>\$ 62,810,333</u>

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

(b) Investments - Primary Government

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

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

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

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

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

(b) Investments - Primary Government (continued)

Investments for the primary government at December 31, 2007, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

	Risk Category			Carrying Amount
	1	2	3	
Certificates of Deposit	\$ 2,750,000	\$ _____	\$ _____	\$ 2,750,000
Investments not subject to categorization:				
Louisiana Assets Management Pool (LAMP)				281,225
Total				\$ 3,031,225

In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2007 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

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

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

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

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

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian. Component unit deposits at its year-end are categorized as category 1 of the three levels of credit risk as explained in section (a) of this note above.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(3) **CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

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

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield. No investments were held by the Authority at March 31, 2007.

(4) **SALES TAX**

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

On November 2, 1998, the Citizens of St. Bernard Parish, by a special election, approved a ½% sales tax, commencing January 1, 1999. The proceeds for this tax are dedicated for improvements to the sewer and water system of the Division, including authority to fund bonds with the tax, provided that at least 25% of the annual revenues of the sales tax must be expended to correct inflow and infiltration in sewerage collection lines, or to repair damages caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the Council.

(5) **AD VALOREM TAX**

Ad valorem taxes are levied each November 1st on the assessed value listed as of the prior January 1st for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list as of January 1, 2004. Taxes are due and payable November 15th of each year and become delinquent December 31st with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which taxes have not been paid are sold.

(6) **ALLOWANCE FOR UNCOLLECTIBLES**

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

Governmental funds:	
General Fund	\$ 21,453
Public Works	23,740
Garbage District No. 1	23,767
Consolidated Fire Protection District No. 1-2	62,391
Library	29,058
Non-major governmental funds	141,160
Business-type funds:	
Water and Sewer Division	283,060
Nonmajor business-type funds	<u> -</u>
Total allowance for uncollectibles	<u>\$ 584,629</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(7) CAPITAL ASSETS

(a) Capital asset activity of the primary government for the year ended December 31, 2007, was as follows:

	<u>12/31/06,</u> <u>As restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/07</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,274,904	\$ -	\$ -	\$ 3,274,904
Total capital assets not being depreciated	<u>3,274,904</u>	<u>-</u>	<u>-</u>	<u>3,274,904</u>
Capital assets being depreciated:				
Land improvements	20,167	-	-	20,167
Buildings and building improvements	29,625,745	-	-	29,625,745
Furniture, fixtures, and equipment	1,371,601	5,759	-	1,377,360
Machinery and equipment	9,383,273	239,083	-	9,622,356
Road system	12,000,221	-	-	12,000,221
Bridges	1,363,360	-	-	1,363,360
Total capital assets being depreciated	<u>53,764,367</u>	<u>244,842</u>	<u>-</u>	<u>54,009,209</u>
Less: accumulated depreciation	<u>24,324,365</u>	<u>1,896,168</u>	<u>-</u>	<u>26,220,533</u>
Total capital assets being depreciated, net	<u>29,440,002</u>	<u>(1,651,326)</u>	<u>-</u>	<u>27,788,676</u>
Total governmental activities capital assets, net	<u>\$ 32,714,906</u>	<u>\$ (1,651,326)</u>	<u>\$ -</u>	<u>\$ 31,063,580</u>
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 177,286	\$ -	\$ -	\$ 177,286
Construction in progress	<u>7,595,035</u>	<u>-</u>	<u>-</u>	<u>7,595,035</u>
Total capital assets not being depreciated	<u>7,772,321</u>	<u>-</u>	<u>-</u>	<u>7,772,321</u>
Capital assets being depreciated:				
Buildings	383,347	398,703	-	782,050
Furniture, fixtures, and equipment	36,492	-	-	36,492
Machinery and equipment	55,454,920	279,412	-	55,734,332
Pipeline system	<u>67,907,701</u>	<u>2,839,230</u>	<u>-</u>	<u>70,746,931</u>
Total capital assets being depreciated	<u>123,782,460</u>	<u>3,517,345</u>	<u>-</u>	<u>127,299,805</u>
Less: accumulated depreciation	<u>88,157,573</u>	<u>1,291,721</u>	<u>-</u>	<u>89,449,294</u>
Total capital assets being depreciated, net	<u>35,624,887</u>	<u>2,225,624</u>	<u>-</u>	<u>37,850,511</u>
Total business-type activities capital assets, net	<u>\$ 43,397,208</u>	<u>\$ 2,225,624</u>	<u>\$ -</u>	<u>\$ 45,622,832</u>

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

Governmental Activities:

General government:	
Judicial	\$ 112,449
Finance and administration	-
Other general government	74,928
Public safety	443,832
Public works	987,397
Culture and recreation	218,870
Health and welfare	58,692
Total depreciation expense - governmental activities	<u>\$ 1,896,168</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(7) **CAPITAL ASSETS (CONTINUED)**

(b) **Depreciation expense was charged to functions of the primary government as follows:**

Business-type Activities:

Water and sewer **\$ 1,291,721**

(8) **LONG-TERM DEBT**

Primary Government

Summary of Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the primary government for year ended December 31, 2007:

	<u>Balance</u> <u>1/1/2007,</u> <u>As restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Premium/ (Discount)</u>	<u>Balance</u> <u>12/31/2007</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>						
Certificates of indebtedness	\$ 105,000	\$ -	\$ (105,000)	\$ -	\$ -	\$ -
Sales tax bonds	4,945,000	-	(220,000)	-	4,725,000	220,000
General obligation bonds	1,280,000	-	(295,000)	-	985,000	295,000
Special assessment	-	-	-	-	-	-
Total per fund financials	6,330,000	-	(620,000)	-	5,710,000	515,000
Less: deferred issuance costs	(45,728)	-	-	-	(45,728)	-
Total bonds payable, net of deferred issuance costs	6,284,272	-	-	-	5,664,272	515,000
Compensated absences	964,213	297,692	-	-	1,261,905	-
Total governmental activities	\$ 7,248,485	\$ 297,692	\$ (620,000)	\$ -	\$ 6,926,177	\$ 515,000
	<u>Balance</u> <u>1/1/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Premium/ (Discount)</u>	<u>Balance</u> <u>12/31/2007</u>	<u>Due Within</u> <u>One Year</u>
<u>Business-type Activities:</u>						
Revenue bonds	\$ 590,000	\$ -	\$ (110,000)	\$ -	\$ 480,000	\$ 110,000
Sales tax bonds	56,357,056	-	(2,210,000)	-	54,147,056	2,210,000
General obligation bonds	-	-	-	-	-	-
Total bonds payable	56,947,056	-	(2,320,000)	-	54,627,056	2,320,000
Less: deferred issuance costs	(547,354)	-	-	-	(547,354)	-
Total bonds payable, net of deferred issuance costs	56,399,702	-	(2,320,000)	-	54,079,702	2,320,000
Compensated absences	112,927	81,315	-	-	194,242	-
Total business-type activities	\$ 56,512,629	\$ 81,315	\$ (2,320,000)	\$ -	\$ 54,273,944	\$ 2,320,000

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) LONG-TERM DEBT (CONTINUED)

Primary Government (continued)

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

The following is a schedule of certificates of indebtedness, bonds payable and special assessment for the primary government at December 31, 2007:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding</u>
<u>Governmental Activities:</u>					
2002 Certificates of indebtedness	3.98	06/03/2002	06/01/2007	\$ 500,000	\$ 0
2003 Sales tax bonds	3.38-4.65	01/01/2003	03/01/2022	6,970,000	4,725,000
2005 General obligation bonds	2.70	08/09/2005	02/01/2010	1,565,000	985,000
Special assessment: Versailles Industrial Park	5.23	10/24/1997	10/01/2006	<u>381,721</u>	<u>-</u>
Total governmental activities				<u>9,416,721</u>	<u>5,710,000</u>
<u>Business-type Activities:</u>					
<u>Revenue bonds</u>					
Water and Sewer Division:					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	<u>950,000</u>	<u>480,000</u>
<u>Sales tax bonds</u>					
Water and Sewer Division:					
1999 Sales tax bonds	5.35	12/01/1999	12/01/2019	9,950,000	7,230,000
2004 Sales tax bonds	4.00-5.00	08/01/2004	03/01/2024	<u>50,000,000</u>	<u>45,695,000</u>
Total sales tax bonds				<u>59,950,000</u>	<u>52,925,000</u>
Total business-type activities				<u>60,900,000</u>	<u>53,405,000</u>
Total all certificates, bonds and special assessments				<u>\$ 70,316,721</u>	<u>\$ 59,115,000</u>

Debt Service Requirements to Maturity

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 2,960,000	\$ 2,785,030	\$ 5,745,030
2009	3,100,000	2,653,251	5,753,251
2010	3,245,000	2,524,446	5,769,446
2011	3,035,000	2,391,762	5,426,762
2012	3,040,000	2,251,928	5,291,928
2013-2017	17,400,000	8,884,775	26,284,775
2018-2022	19,095,000	4,180,484	23,275,484
2023-2024	<u>7,240,000</u>	<u>365,750</u>	<u>7,605,750</u>
Total	<u>\$ 59,115,000</u>	<u>\$ 26,037,424</u>	<u>\$ 85,152,424</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) LONG-TERM DEBT (CONTINUED)

Primary Government (continued)

Governmental Funds

On June 30, 2002 the 2002 Certificates of Indebtedness Bonds were issued for the purpose of constructing the St. Bernard Parish 911 Center. The interest rate on the bonds is 3.98% and the bonds mature on June 1, 2007 with payments due in annual principal installments from \$95,000 to \$105,000. The balance outstanding at December 31, 2007 was \$0.

On January 1, 2003 the 2003 Sales Tax Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. The interest rate on the bonds is 3.38-4.65% and the bonds mature on March 1, 2022 with payments due in annual principal installments from \$220,000 to \$570,000. The balance outstanding at December 31, 2007 was \$4,725,000.

On August 9, 2005 the 2005 General Obligation Bonds were issued for the purpose of refunding the 1997 General Obligation Bonds. The interest rate on the bonds is 2.70% and the bonds mature on February 1, 2010 with payments due in annual principal installments of \$295,000. The balance outstanding at December 31, 2007 was \$985,000.

Proprietary Fund Revenue Bonds

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2007 was \$480,000.

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

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

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2007, was 8.72 to 1.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) LONG-TERM DEBT (CONTINUED)

Primary Government (continued)

Proprietary Fund Revenue Bonds (continued)

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

- A debt service reserve account with the sum equal to the maximum annual debt service on the bonds.
- A debt service account with monthly deposits of one-twelfth of the annual principal and interest payment to pay promptly and fully the principal and interest on the loan as it becomes due and payable.
- A renewal and replacement account with monthly deposits of 5% of the prior month's Operating expenses, which will be used to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system.

The Division has established and maintained the debt service reserve account and the debt service account. The renewal and replacement account was not maintained as no deposits were made into the account as required. Normally, monthly financials are prepared and 5% of the expenses are deposited into the account. However since Hurricane Katrina, no monthly financials were prepared, although a balance was carried forward from 2006. At December 31, 2007, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$148,150, \$374,725, and \$390,815, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

Proprietary Fund Sales Tax Bonds

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds is 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$345,000 to \$805,000. The balance outstanding at December 31, 2007 was \$7,230,000.

On August 1, 2004, \$50,000,000 of the 2004 Sales Tax Bonds was issued at a premium of \$1,473,837. The interest rate on the bonds is 4.55%, and the bonds mature on March 1, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2007 was \$45,695,000.

The bonds were issued for the purpose of financing improvements to the sewer and water systems of the Division. The bonds are special and limited obligations of the Division, secured by and payable from a pledge and dedication of a ¼% sales tax levied by the Parish for the Division.

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

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) LONG-TERM DEBT (CONTINUED)

Primary Government (continued)

Proprietary Fund Sales Tax Bonds (continued)

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

- A reserve for inflow and infiltration account equal to 25% of the annual revenues of the tax to correct inflow and infiltration in sewage collection lines, or to repair damage caused thereby, unless required for debt service on bonds or otherwise approved by at least two-thirds of the total membership of the Parish Council.
- A reserve for system improvements account with monthly transfers which represent the 1/2% sales tax being levied and collected.

The Division has established and maintained these accounts, and at December 31, 2007, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$23,950,403, \$2,702,809, \$4,085,768 and \$0, respectively. The account balances exceed the minimum requirements of the bond indentures.

Proprietary Fund Public Improvement and General Obligation Bonds

Public improvement and general obligation bonds are secured by the full faith and credit of the various Districts and are financed through the levy and collection of ad valorem taxes. The bonds were issued to construct improvements and extensions to the sewerage systems. \$3,295,000 General Obligation Refunding Bonds of the Sewer District No. 2 issue of September 1, 1991, due in annual installments of \$170,000 to \$340,000 bearing interest rates of 6.4% to 6.65% through March 1, 2005. The balance outstanding at December 31, 2007 was \$0.

Proprietary Fund Customer Deposits

The St. Bernard Parish Government continues the process of replenishing the meter deposit account and has not used any of the deposits for expenses or capital expenditures since the consolidation of the Water and Sewer Division into the parish government in 1997. At December 31, 2007, the customer meter deposits cash account had a balance of \$86,047 and meter liability of \$1,205,681.

Current Year's Defeasance of Debt

On August 1, 2004, the Division issued \$50,000,000 in Sales Tax Bonds, Series 2004 with the interest rate of 4.55% of which a portion was to advance refund \$1,835,000 of outstanding Series 1994 Revenue Refunding Bonds with the interest rate of 4.80-5.20%. The proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the debt until the debt is called or matures. As a result, the Series 1994 Revenue Refunding Bonds are considered to be defeased and the liability for those bonds has been removed.

Prior Years' Defeasance of Debt

In prior years, the Parish defeased certain public improvement and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from governmental activities. As of December 31, 2007, the amount of defeased debt outstanding but removed from the financial statements amounted to \$0.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(8) LONG-TERM DEBT (CONTINUED)

Primary Government (continued)

Prior Years' Defeasance of Debt (continued)

In prior years, the Water and Sewer Division defeased certain revenue and general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the business-type activities, Water and Sewer Division's long-term bonds payable. As of December 31, 2007, the amount of defeased debt outstanding but removed from the financial statements amounted to \$0.

(9) OPERATING LEASES

Total rental expense for the year ended December 31, 2007 was \$24,101. The Water and Sewer Division receives lease income under the following agreements:

<u>Lease</u>	<u>Yearly Income</u>	<u>Lease Period</u>	<u>Beginning Date</u>	<u>Option</u>
Right-of-way agreement	\$ 2,500	10 years	September 1, 1995	Additional 10 year term
Tower lease #1	6,000	5 years	August 9, 1995	3 additional 5 year terms
Tower lease #2	7,200	5 years	June 26, 1996	3 additional 5 year terms
Tower lease #3	13,800	5 years	August 22, 1996	3 additional 5 year terms
Tower lease #4	13,200	5 years	November 19 1998	4 additional 3 year terms
Tower lease #5	12,500	5 years	July 28, 1998	4 additional 3 year terms
Tower lease #6	9,600	5 years	December 23, 1997	4 additional 3 year terms
Tower lease #7	9,000	5 years	September 7, 2004	4 additional 3 year terms

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2007 was \$61,650. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2008	\$ 18,000
2009	18,000
2010	12,000
2011	12,000
2012	<u>12,000</u>
Total	<u>\$ 111,942</u>

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(10) **INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS**

The composition of due to/from other funds as of December 31, 2007, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Water and Sewer Division	\$ 651,450
Public Works	Non-major Governmental Funds	294,080
Water and Sewer Division	Non-major Governmental Funds	450,516
	Water and Sewer Division	7,255
Library Fund	Water and Sewer Division	287,257
Non-major Governmental Funds	General Fund	4,788
Non-major Business-type Funds	Water and Sewer Division	481,675
	Non-major Business-type Funds	671,765
Internal Service Funds	Water and Sewer Division	25,000
	Non-major Governmental Funds	53,800
	Internal Service Funds	3,780
		<hr/>
		\$ 2,931,366

The composition of interfund transfers as of December 31, 2007, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Sanitation Fund	Sales Tax Fund	\$ 2,810,244
2003 Sales Tax	2003 Sales Tax	20,000
Courthouse Capital Fund	Criminal Court Fund	75,000
Sales Tax Refunding	Sales Tax Fund	427,116
Water & Sewer Fund	Water & Sewer Fund	435,804
	Water and Sewer 2004 Sales Tax	4,050,813
99 Water & Sewer ½ cent sales	Sales Tax Fund	1,500,000
Water & Sewer 2004 Sales Tax Debt	99 Water & Sewer ½ cent sales	4,083,313
	00 Water & Sewer 2004 sales tax	11,123
1999 Sales Tax Debt	99 Water & Sewer ½ cent sales tax fund	818,995

(11) **EMPLOYEE RETIREMENT SYSTEMS**

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, and the District Attorneys' Retirement System of Louisiana. The parish's payroll for employees covered by the retirement systems for the year ended December 31, 2007 was \$12,168,687 (which includes a parish payroll of \$10,026,040 and Water and Sewer Division payroll of \$2,142,647).

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(11) EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

(a) Parochial Employees' Retirement System

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

Plan Description - The Parish and Water and Sewer Division contribute to Plan A of the Parochial Employees' Retirement System of Louisiana (the System), cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 205 of the 1952 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1901 through 11:2015, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, Louisiana 70898-4619.

Funding Policy - Plan members are required to contribute 9.50% of their annual-covered salary. Employer contributions are actuarially determined every fiscal year according to statutory process. The current rate is 13.25% of annual payroll. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2007, 2006 and 2005 were \$891,769, \$830,937, and \$1,105,116, respectively, equal to the required contributions for each year. For the year ended December 31, 2007, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$1,639,564. The Water and Sewer Division's contributions to the System for the years ended December 31, 2007, 2006, and 2005 were \$371,685, \$251,761, and \$307,441, respectively, equal to the required contributions for each year.

(b) Firefighters' Retirement System

Plan Description - The Parish contributes to the Firefighters' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit public retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan and members and beneficiaries. Act 434 of the 1979 Louisiana Legislative Session established the plan. The System is Governed by Louisiana Revised Statutes 11:2251 through 11:2269, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Firefighters' Retirement System of Louisiana, 2051 Silverside Drive, Suite 210, Baton Rouge, Louisiana 70808-4136.

Funding Policy - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2004, the Parish was paying a rate of 21% of payroll. On July 1, 2004, that rate increased to 24% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2007, 2006, and 2005 were \$470,054, \$548,234, and \$826,728, respectively, equal to the required contributions for each year.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(11) EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

(c) District Attorneys' Retirement System

Plan Description - The Parish contributes to the District Attorneys' Retirement System (System), a cost-sharing multiple employer public employee retirement system, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 56 of the 1956 Louisiana Legislative Session established the plan. The System is governed by Louisiana Revised Statutes 11:1581 through 11:1702, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to District Attorney Retirement System, 2109 Decatur Street, New Orleans, Louisiana 70116.

Funding Policy - Plan members are required to contribute 7% of their compensation to the System. The Parish is required to contribute to an actuarially determined rate. The current rate is 3.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish began contributing to the Plan July 1, 2004. The Parish's contributions to the System for the years ended December 31, 2007, 2006, and 2005 were \$3,941, \$10,455, and \$10,560, respectively, equal to the required contributions for each year.

(12) OTHER POST-EMPLOYMENT BENEFITS

The Parish and Water and Sewer Division provide certain post-employment health care benefits for its retired employees. Substantially all of the employees become eligible for these benefits if they reach normal retirement age while working for the Parish or the Division. As of year-end, 125 and 28 retirees, respectively, were eligible and are receiving benefits. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid by the Parish and the Division.

(13) SELF INSURANCE / RISK MANAGEMENT

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

Governmental Activities

The Parish government established a self-insurance fund for their workman's compensation, unemployment compensation, general, and automobile liability for all funds of the Parish. The Parish government is self insured for claims up to \$250,000 per occurrence. The government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. One independent insurance service company administer the fund.

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(13) SELF INSURANCE / RISK MANAGEMENT (CONTINUED)

Governmental Activities (continued)

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

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

The following represents a reconciliation of total claims liability:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Claims liability at beginning of year	\$ 2,694,023	\$ 2,694,023	\$ 2,694,023
Plus: provision for incurred claims	882,094	-	-
Less: claims paid	<u>-</u>	<u>-</u>	<u>-</u>
Claims liability at end of year	<u>\$ 3,576,117</u>	<u>\$ 2,694,023</u>	<u>\$ 2,694,023</u>

Business-type Activities

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

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

The following represents a reconciliation of total claims liability:

	<u>2007</u>	<u>2005</u>	<u>2004</u>
Claims liability at beginning of year	\$ 868,252	\$ 868,252	\$ 868,252
Plus: provision for incurred claims	-	-	-
Less: claims paid	<u>-</u>	<u>-</u>	<u>-</u>
Claims liability at end of year	<u>\$ 868,252</u>	<u>\$ 868,252</u>	<u>\$ 868,252</u>

(14) CRIMINAL COURT FUND

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 requires that one-half of any surplus remaining in the Criminal Court Fund at year-end shall be transmitted to the Parish's General Fund. For the year ended December 31, 2007, \$0 was transferred to the General Fund.

(15) ADMINISTRATIVE ORDERS

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

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(15) ADMINISTRATIVE ORDERS (CONTINUED)

As of December 31, 2007, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2007, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

(16) COMMITMENTS AND CONTINGENCIES

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

(17) LITIGATION

The Parish and Water and Sewer Division are named as defendants in a number of lawsuits arising principally from claims related to personal injury, negligence, and property damage. As discussed in Note 13, the Parish and Water and Sewer Division are primarily self-insured with respect to claims of these types. The Parish's insurance department and its attorneys have reviewed these claims and lawsuits in order to evaluate the likelihood of an unfavorable outcome to the Parish and to arrive at an estimate, if possible, of the amount or range of potential loss to the Parish.

As a result of such a review, loss contingencies, which could be reasonably estimated, have been categorized as "probable", "reasonably possible", and "remote", as defined in Governmental Accounting Standards Board Codification Section C50 - Claims and Judgments. Loss contingencies for the Parish amounting to \$882,094 categorized as "probable" have been accrued in the Self Insurance Internal Service Fund. Loss contingencies for the Water and Sewer Division for "probable" cases amounting to \$202,500 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2007 for which an amount of liability can be estimated is \$1,079,500 and is not reflected in these financial statements.

(18) PRIOR PERIOD ADJUSTMENT

During 2007, the Parish was better able to assess and quantify the effects of Hurricane Katrina on Parish assets and infrastructure. As a result, a significant amount of capital assets and infrastructure were identified as destroyed and had to be written off. This write off resulted in a \$5,073,163 restatement of beginning net assets on the government-wide financial statements.

Following Hurricane Katrina in 2005 into 2007, the Parish accounted for recovery operations on the cash basis of accounting without properly recording receivables, payables and other accruals required by generally accepted accounting principles. During 2007, the Parish began a reconciliation process which resulted in the restatement of beginning fund balance and beginning net assets as a result of recording transactions in prior periods under the accrual method of accounting required by generally accepted accounting principles.

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2007

(18) PRIOR PERIOD ADJUSTMENT (CONTINUED)

The adjustments resulted in the following increases/ (decreases) in fund balances/net assets:

General Fund	\$ 12,938,374
Special Revenue Funds	2,423,279
Debt Service Funds	(556,135)
Capital Projects Funds	(865,217)
Water & Sewerage Funds	(50,168,257)
Internal Service Funds	<u>(3,780)</u>
	<u>\$ (6,230,736)</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
REVENUES:						
Taxes:						
Ad valorem	\$ 784,998	\$ -	\$ 784,998	\$ -	\$ 480,200	\$ 304,798
Sales and use	12,027,140	-	12,027,140	-	14,472,663	(2,445,523)
Other taxes, penalties, interest, etc.	1,003,406	-	1,003,406	-	628,330	375,076
Licenses and permits	540,642	-	540,642	-	841,705	(301,063)
Intergovernmental revenues:						
Federal grants	131,543	-	131,543	-	185,000	(53,457)
State funds:						
Parish transportation funds	-	-	-	-	-	-
State revenue sharing (net)	56,739	-	56,739	-	27,960	28,779
Other	1,477,261	-	1,477,261	-	130,600	1,346,661
Fees, charges, and commissions						
for services	688,705	-	688,705	-	237,348	451,357
Fines and forfeitures	2,304	-	2,304	-	-	2,304
Use of money and property	(30,645)	-	(30,645)	-	-	(30,645)
Special assessments	-	-	-	-	-	-
Public grants	-	-	-	-	-	-
Other government funds	-	-	-	-	-	-
Other revenues	99,469	-	99,469	-	22,812	76,657
Total revenues	16,781,562	-	16,781,562	-	17,026,618	(245,056)
EXPENDITURES:						
Current:						
General government:						
Legislative	-	-	-	-	503,789	503,789
Judicial	-	-	-	-	615,860	615,860
Elections	-	-	-	-	64,705	64,705
Finance and administration	-	-	-	-	3,517,734	3,517,734
Deductions by sales tax collector	965,881	-	965,881	-	-	(965,881)
Other general government	9,720,994	-	9,720,994	-	-	(9,720,994)
Public safety	-	-	-	-	914,706	914,706
Public works	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	188,173	188,173
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	91,591	91,591
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and service charges	-	-	-	-	-	-
Capital outlay	(10,520)	-	(10,520)	-	10,684	21,204
Total expenditures	10,676,355	-	10,676,355	-	5,907,242	(4,769,113)
Excess of revenues over expenditures	6,105,207	-	6,105,207	-	11,119,376	(5,014,169)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(4,737,360)	-	(4,737,360)	-	-	(4,737,360)
Total other financing sources (uses)	(4,737,360)	-	(4,737,360)	-	-	(4,737,360)
Net change in fund balances	1,367,847	-	1,367,847	-	11,119,376	(9,751,529)
Fund balances - beginning	276,166	-	276,166	-	-	276,166
Fund balances - ending	\$ 1,644,013	\$ -	\$ 1,644,013	\$ -	\$ 11,119,376	\$ (9,475,363)

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
PUBLIC WORKS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES:				
Taxes:				
Ad valorem	\$ 685,111	\$ -	\$ 203,708	\$ 481,403
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	281	-	-	281
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	578,577	-	1,398,810	(820,233)
State revenue sharing (net)	62,860	-	45,433	17,427
Other	2,649,979	-	-	2,649,979
Fees, charges, and commissions for services	79,483	-	(123)	79,606
Fines and forfeitures	-	-	-	-
Use of money and property	28,296	-	-	28,296
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	73,176	-	(3,731)	76,907
Total revenues	4,157,763	-	1,644,097	2,513,666
EXPENDITURES:				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	7,100	7,100
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	3,841,749	-	4,605,117	763,368
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	207,369	-	1,355,000	1,147,631
Total expenditures	4,049,118	-	5,967,217	1,918,099
Excess (deficiency) of revenues over (under) expenditures	108,645	-	(4,323,120)	4,431,765
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	108,645	-	(4,323,120)	4,431,765
Fund balances - beginning	1,615,107	-	-	1,615,107
Fund balances - ending	\$ 1,723,752	\$ -	\$ (4,323,120)	\$ 6,046,872

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GARBAGE DISTRICT NO. 1
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES:				
Taxes:				
Ad valorem	\$ 685,084	\$ -	\$ 507,583	\$ 177,501
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	281	-	-	281
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	62,860	-	30,000	32,860
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	(138,312)	-	-	(138,312)
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	38,231	-	-	38,231
Total revenues	648,144	-	537,583	110,561
EXPENDITURES:				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	8,484,863	-	6,180,361	2,304,502
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	8,484,863	-	6,180,361	2,304,502
Deficiency of revenues under expenditures	(7,836,719)	-	(5,642,778)	(2,193,941)
OTHER FINANCING SOURCES (USES):				
Transfers in	3,020,244	-	-	3,020,244
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	3,020,244	-	-	3,020,244
Net change in fund balances	(4,816,475)	-	(5,642,778)	826,303
Fund balances - beginning	(1,333,884)	-	-	(1,333,884)
Fund balances - ending	\$ (6,150,359)	\$ -	\$ (5,642,778)	\$ (507,581)

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES:				
Taxes:				
Ad valorem	\$ 1,694,865	\$ -	\$ 1,258,816	\$ 436,049
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	221,695	-	189,025	32,670
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	58,513	-	42,171	16,342
Other	-	-	-	-
Fees, charges, and commissions for services	170	-	-	170
Fines and forfeitures	-	-	-	-
Use of money and property	(155,395)	-	-	(155,395)
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	57,943	-	64,398	(6,455)
Total revenues	<u>1,877,791</u>	<u>-</u>	<u>1,554,410</u>	<u>323,381</u>
EXPENDITURES:				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	6,440,707	-	5,236,929	(1,203,778)
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	650	-	50,000	49,350
Total expenditures	<u>6,441,357</u>	<u>-</u>	<u>5,286,929</u>	<u>(1,154,428)</u>
Deficiency of revenues under expenditures	<u>(4,563,566)</u>	<u>-</u>	<u>(3,732,519)</u>	<u>(831,047)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,563,566)	-	(3,732,519)	(831,047)
Fund balances - beginning	(480,885)	-	-	(480,885)
Fund balances - ending	<u>\$ (5,044,451)</u>	<u>\$ -</u>	<u>\$ (3,732,519)</u>	<u>\$ (1,311,932)</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2007

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
REVENUES				
Taxes:				
Ad valorem	\$ 860,748	\$ -	\$ 452,000	\$ 408,748
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	74,403	-	50,000	24,403
Other	24,686	-	-	24,686
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	249,080	-	90,000	159,080
Special assessments	-	-	-	-
Public grants	47,958	-	-	47,958
Other government funds	-	-	-	-
Other revenues	49,561	-	500,000	(450,439)
Total revenues	<u>1,306,436</u>	<u>-</u>	<u>1,092,000</u>	<u>214,436</u>
EXPENDITURES				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	8,151	-	-	(8,151)
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	301,556	-	592,000	290,444
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	28,787	-	500,000	471,213
Total expenditures	<u>338,494</u>	<u>-</u>	<u>1,092,000</u>	<u>753,506</u>
Excess of revenues over expenditures	967,942	-	-	967,942
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	967,942	-	-	967,942
Fund balances - beginning	<u>6,948,413</u>	<u>-</u>	<u>-</u>	<u>6,948,413</u>
Fund balances - ending	<u>\$ 7,916,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,916,355</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATIONS

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

	<u>Actual</u>	<u>Budget</u>	<u>Difference</u>	<u>Percentage Difference</u>
EXPENDITURES:				
General Fund	\$ 10,676,355	\$ 5,907,242	\$ 4,769,113	80.74
Consolidated Fire Protection				
District No. 1-2	6,441,357	5,286,929	1,154,428	22.26
Garbage District No. 1	8,484,863	6,180,361	2,304,502	37.29

NOTE 2 – BUDGET PRESENTATION

No budget was prepared for the Hurricane Katrina special revenue fund; therefore, no budget comparison statement is present for this fund.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

Governments often adopt budgets on some basis of accounting other than generally accepted accounting principles. Adjustments to budgetary basis are included in the financial statements for sales tax revenue, interest income, and deductions by the tax collector that were budgeted in the General Fund for amounts actually recorded in the Water & Sewer Division. Information to show changes in original budget are not available. See finding 2007-11.

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS
DECEMBER 31, 2007

Special Revenue Funds

Special revenue funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Civic Auditorium Fund

This fund is used to account for the maintenance and operation of the St. Bernard Parish Civic Center ("Center"). Revenues are derived from fees charged for the use of the Center.

Criminal Court Fund

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

Judicial Court Reporter Fund

This fund is used to account for the salaries of the Thirty-Fourth Judicial District Court reporters. This fund is financed from the judicial fees collected by the clerk of court and remitted to the Parish government.

Council on Aging Fund

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

Community Development Fund

This fund is used to account for the coordination of planning activities and emergency preparedness. The revenues are derived from permits, licenses and transfers from sales tax.

Recreation Fund

This fund is used to account for the maintenance and operations of the recreation facilities within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Road Lighting District No. 1 Fund

This fund is used to account for the maintenance of the lighting facilities of the roads, alleys, and public places within the Parish. Revenues are derived from ad valorem taxes and state revenue sharing.

Workforce Investment Act Fund

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

District Attorney General Fund

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

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2007

Special Revenue Funds (Continued)

Health Fund

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

Communications Fund

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

Housing Voucher Program Fund

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

Contingency Criminal Court "A" Fund

This fund is used to account for the administration of the Indigent Defenders Board. Revenues are derived from reimbursements from the Indigent Defenders Board and from transfers from the Criminal Court Fund.

Human Resources Fund

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

Urban Mass Transportation Administration Fund

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

Environmental Mitigation Fund

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

Deputy Witness Fee Fund

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

Weatherization Fund

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

Low Income Home Energy Assistance Program Fund

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

Day Care Fund

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

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2007

Special Revenue Funds (Continued)

Federal Emergency Management Assistance Fund

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

Debt Service Funds

Debt service funds are used to account for the payment of interest and principal on all general obligation debt. They do not include debt issued by the Proprietary Funds.

Versailles Industrial Park Sinking Fund

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

Bond Reserve 1977 Fund

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

Bond Reserve 1996 Fund

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

2003 Sales Tax Refunding Fund

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

1990 and 1997 General Obligation Bond Fund

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

Public Improvement Bonds Series 1977 and 1999 Fund

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

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2007

Debt Service Funds (continued)

Public Improvement Bonds Series A, B, C Fund

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

Community Disaster Loan Fund

This fund is used to accumulated monies for the repayment of the Community Disaster Loan. This loan has no payments due at December 31, 2006.

Capital Projects Funds

The capital projects funds account for all resources used for the acquisition and/or construction of capital facilities of the Parish, including those financed by special assessments. These funds do not include acquisitions and/or construction for proprietary funds.

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

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

Urban System Roadway Reconstruction Fund

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

Capital Projects Fund

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

Drainage and Siphon Fund

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

Courthouse Capital Fund

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

2003 Sales Tax Bond Fund

This fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

911 Communications Construction Fund

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

1990 General Obligation Bond Fund

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

ST. BERNARD PARISH GOVERNMENT
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)
DECEMBER 31, 2007

Capital Projects Funds (continued)

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

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

Road District 1 Project Bond Fund

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

Drainage Construction Bonds of 1967 and 1982 Fund

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

Rebuild St. Bernard Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

Permanent Work Fund

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2007

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 9,273	\$ 257,660	\$ (374,945)	\$ 600,374
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	433,023
Intergovernmental	-	-	-	-
Other	-	100,833	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	774	-	-	-
Other assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 10,047</u>	<u>\$ 358,493</u>	<u>\$ (374,945)</u>	<u>\$ 1,033,397</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ 2,600	\$ -	\$ 12,537	\$ 225,775
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	1,278	-	12,048	(87)
Due to other funds	571	444	10,030	1,812
Deferred revenues	-	-	-	218,752
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>4,449</u>	<u>444</u>	<u>34,615</u>	<u>446,252</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	5,598	358,049	(409,560)	587,145
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>5,598</u>	<u>358,049</u>	<u>(409,560)</u>	<u>587,145</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 10,047</u>	<u>\$ 358,493</u>	<u>\$ (374,945)</u>	<u>\$ 1,033,397</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

<u>Special Revenue</u>				
<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ (883,170)	\$ (248,874)	\$ (516,659)	\$ 57,712	\$ (895,825)
-	992,535	540,011	-	-
-	15,652	7,875	207,914	-
-	-	-	-	-
-	-	-	-	-
374	15,485	-	-	-
-	-	-	-	-
<u>\$ (882,796)</u>	<u>\$ 774,798</u>	<u>\$ 31,227</u>	<u>\$ 265,626</u>	<u>\$ (895,825)</u>
\$ 1,638	\$ 25,765	\$ -	\$ 37,765	\$ 2,811
-	-	-	-	-
34,792	11,438	-	114,519	17,675
27,597	15,691	6,380	54,234	17,227
-	504,281	283,226	74,189	-
<u>64,027</u>	<u>557,175</u>	<u>289,606</u>	<u>280,707</u>	<u>37,713</u>
-	-	-	-	-
38,177	-	-	-	-
(985,000)	217,623	(258,379)	(15,081)	(933,538)
-	-	-	-	-
-	-	-	-	-
<u>(946,823)</u>	<u>217,623</u>	<u>(258,379)</u>	<u>(15,081)</u>	<u>(933,538)</u>
<u>\$ (882,796)</u>	<u>\$ 774,798</u>	<u>\$ 31,227</u>	<u>\$ 265,626</u>	<u>\$ (895,825)</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 636,700	\$ 660,566	\$ 3,960,830	\$ (56,892)
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	277,261	-	-	-
Intergovernmental	1,147	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	2,352	-	-
Total assets	<u>\$ 915,108</u>	<u>\$ 662,918</u>	<u>\$ 3,960,830</u>	<u>\$ (56,892)</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ 49	\$ 2,852	\$ 67,892	\$ 2
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	814
Due to other funds	165	4,481	5,783	432
Deferred revenues	145,067	-	-	-
Total liabilities	<u>145,281</u>	<u>7,333</u>	<u>73,675</u>	<u>1,248</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	8,618	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	769,827	646,967	3,887,155	(58,140)
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>769,827</u>	<u>655,585</u>	<u>3,887,155</u>	<u>(58,140)</u>
Total liabilities and fund balances	<u>\$ 915,108</u>	<u>\$ 662,918</u>	<u>\$ 3,960,830</u>	<u>\$ (56,892)</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

<u>Special Revenue</u>				
<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ 225,629	\$ 275,478	\$ 9,623	\$ (31,234)	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	116	-	-	-
-	-	-	-	-
<u>\$ 225,629</u>	<u>\$ 275,594</u>	<u>\$ 9,623</u>	<u>\$ (31,234)</u>	<u>\$ -</u>
\$ (265)	\$ 4,136	\$ -	\$ -	\$ -
-	-	-	-	-
(2,459)	4,579	-	-	-
8,631	8,678	-	-	-
-	-	-	-	-
<u>5,907</u>	<u>17,393</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	3,099	-	-	-
219,722	255,102	9,623	(31,234)	-
-	-	-	-	-
-	-	-	-	-
<u>219,722</u>	<u>258,201</u>	<u>9,623</u>	<u>(31,234)</u>	<u>-</u>
<u>\$ 225,629</u>	<u>\$ 275,594</u>	<u>\$ 9,623</u>	<u>\$ (31,234)</u>	<u>\$ -</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>Special Revenue</u>			<u>Total</u>
	<u>Low Income Home Energy Assistance Program</u>	<u>Daycare</u>	<u>Federal Emergency Management Assistance</u>	
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 27,905	\$ 7,783	\$ 925	\$ 3,722,859
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	2,242,830
Intergovernmental	-	-	-	232,588
Other	-	-	-	100,833
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	16,749
Other assets	-	-	-	2,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 27,905</u>	<u>\$ 7,783</u>	<u>\$ 925</u>	<u>\$ 6,318,211</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 383,557
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	194,597
Due to other funds	-	-	-	162,156
Deferred revenues	-	-	-	1,225,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,965,825</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	49,894
Unreserved, undesignated, reported in:				
Special revenue funds	27,905	7,783	925	4,302,492
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>27,905</u>	<u>7,783</u>	<u>925</u>	<u>4,352,386</u>
	<u>\$ 27,905</u>	<u>\$ 7,783</u>	<u>\$ 925</u>	<u>\$ 6,318,211</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

Debt Service				
Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ (24,626)	\$ 2	\$ 906	\$ 305,980	\$ 352,707
-	-	-	-	326,674
9,154	-	-	-	-
95,254	-	-	-	-
-	-	-	-	-
<u>\$ 79,782</u>	<u>\$ 2</u>	<u>\$ 906</u>	<u>\$ 305,980</u>	<u>\$ 679,381</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
95,254	-	-	-	-
<u>95,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(15,472)	-	-	-	-
-	-	-	-	-
-	2	906	305,980	679,381
<u>(15,472)</u>	<u>2</u>	<u>906</u>	<u>305,980</u>	<u>679,381</u>
<u>\$ 79,782</u>	<u>\$ 2</u>	<u>\$ 906</u>	<u>\$ 305,980</u>	<u>\$ 679,381</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	Debt Service			Total
	Public Improvement Bonds			
	Series 1977 and 1999	Series A, B, C	Community Disaster Loan	
<u>ASSETS:</u>				
Cash and cash equivalents	\$ -	\$ -	\$ 682,090	\$ 1,317,059
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	326,674
Intergovernmental	-	-	-	-
Other	-	-	-	9,154
Special assessments:				
Deferred	-	-	-	95,254
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ -	\$ -	\$ 682,090	\$ 1,748,141
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	203,087	\$ 203,087
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	95,254
Total liabilities	-	-	203,087	298,341
Fund balances:				
Reserved for:				
Debt service	-	-	-	(15,472)
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	479,003	1,465,272
Capital projects funds	-	-	-	-
Total fund balances	-	-	479,003	1,449,800
Total liabilities and fund balances	\$ -	\$ -	\$ 682,090	\$ 1,748,141

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 DECEMBER 31, 2007

<u>Capital Projects</u>				
<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>
\$ 889,369	\$ 1,453,357	\$ -	\$ 1,745,007	\$ 957,253
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 889,369</u>	<u>\$ 1,453,357</u>	<u>\$ -</u>	<u>\$ 1,745,007</u>	<u>\$ 957,253</u>
\$ -	\$ -	\$ -	\$ -	\$ -
13,635	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>13,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
5,000	201,391	-	-	1,444,502
-	-	-	-	-
-	-	-	-	-
<u>870,734</u>	<u>1,251,966</u>	<u>-</u>	<u>1,745,007</u>	<u>(487,249)</u>
<u>875,734</u>	<u>1,453,357</u>	<u>-</u>	<u>1,745,007</u>	<u>957,253</u>
<u>\$ 889,369</u>	<u>\$ 1,453,357</u>	<u>\$ -</u>	<u>\$ 1,745,007</u>	<u>\$ 957,253</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	Capital Projects			
	911 Communications Construction	1990 General Obligation Bond	Fire District 1-2 C.I. Series Bond	Road District 1 Project Bond
<u>ASSETS:</u>				
Cash and cash equivalents	\$ -	\$ 217	\$ -	\$ -
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES:</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Bonds Payable	-	-	-	-
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Capital projects funds	-	217	-	-
Total fund balances	<u>-</u>	<u>217</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ -</u>	<u>\$ -</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

<u>Capital Projects</u>				<u>Total Nonmajor Governmental Funds</u>
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	
\$ -	\$ 1,640,928	\$ 1,023,687	\$ 7,709,818	\$ 12,749,736
-	-	-	-	2,569,504
-	-	-	-	232,588
-	-	8,902,033	8,902,033	9,012,020
-	-	-	-	95,254
-	-	-	-	-
-	-	-	-	16,749
-	-	-	-	2,352
<u>\$ -</u>	<u>\$ 1,640,928</u>	<u>\$ 9,925,720</u>	<u>\$ 16,611,851</u>	<u>\$ 24,678,203</u>
\$ -	\$ -	\$ 5,076,975	\$ 5,076,975	\$ 5,663,619
-	-	-	-	-
-	-	-	13,635	13,635
-	-	-	-	194,597
-	-	156	156	162,312
-	-	-	-	1,320,769
-	-	5,077,131	5,090,766	7,354,932
-	-	-	-	(15,472)
-	-	-	1,650,893	1,700,787
-	-	-	-	4,302,492
-	-	-	-	1,465,272
-	1,640,928	4,848,589	9,870,192	9,870,192
-	1,640,928	4,848,589	11,521,085	17,323,271
<u>\$ -</u>	<u>\$ 1,640,928</u>	<u>\$ 9,925,720</u>	<u>\$ 16,611,851</u>	<u>\$ 24,678,203</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Special Revenue</u>			
	<u>Civil Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
REVENUES:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 218,891
Other taxes, penalties, interest, etc.	-	-	-	91
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	(3,000)	12,166	40,910	-
Fines and forfeitures	-	209,114	0	-
Use of money and property	2,497	-	(12,928)	30,053
Special assessments	-	-	-	-
Other revenues	-	15,746	-	-
	<u>(503)</u>	<u>237,026</u>	<u>27,982</u>	<u>249,035</u>
Total revenues				
EXPENDITURES:				
Current:				
General government:				
Judicial	-	-	338,295	-
Finance and administration	-	-	-	-
Other general government	-	(37,321)	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	160,395
Culture and recreation	50,075	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
	<u>50,075</u>	<u>(37,321)</u>	<u>338,295</u>	<u>160,395</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(50,578)</u>	<u>274,347</u>	<u>(310,313)</u>	<u>88,640</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	(75,000)	-	-
	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	(50,578)	199,347	(310,313)	88,640
Fund balances - beginning, as restated	56,176	158,702	(99,247)	498,505
Fund balances - ending	<u>\$ 5,598</u>	<u>\$ 358,049</u>	<u>\$ (409,560)</u>	<u>\$ 587,145</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Special Revenue</u>				
<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 487,119	\$ 272,262	\$ -	\$ -
-	200	112	-	-
280,331	-	-	-	-
28,351	-	-	4,134,163	-
-	-	-	-	-
-	44,697	24,187	-	-
(3,167)	-	-	-	-
4,230	-	-	-	-
-	-	-	-	-
(38,377)	2,168	(12,629)	357	(32,704)
-	-	-	-	-
<u>95,203</u>	<u>116,729</u>	<u>15,267</u>	<u>121,527</u>	<u>2,615</u>
<u>366,571</u>	<u>650,913</u>	<u>299,199</u>	<u>4,256,047</u>	<u>(30,089)</u>
-	-	-	-	599,042
-	-	-	-	-
-	-	-	4,113,062	-
-	-	-	-	-
-	-	559,271	-	-
942,976	-	-	-	-
-	691,518	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	130,803	-
<u>942,976</u>	<u>691,518</u>	<u>559,271</u>	<u>4,243,865</u>	<u>599,042</u>
<u>(576,405)</u>	<u>(40,605)</u>	<u>(260,072)</u>	<u>12,182</u>	<u>(629,131)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(576,405)	(40,605)	(260,072)	12,182	(629,131)
<u>(370,418)</u>	<u>258,228</u>	<u>1,693</u>	<u>(27,263)</u>	<u>(304,407)</u>
<u>\$ (946,823)</u>	<u>\$ 217,623</u>	<u>\$ (258,379)</u>	<u>\$ (15,081)</u>	<u>\$ (933,538)</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
<u>REVENUES:</u>				
Taxes:				
Ad valorem	\$ 140,124	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	57	228,375	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	2,053,299	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	9,502	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	37,662	43,872	155,657	(2,541)
Special assessments	-	-	-	-
Other revenues	7,820	-	-	6,000
Total revenues	195,165	272,247	2,208,956	3,459
<u>EXPENDITURES:</u>				
Current:				
General government				
Judicial	-	-	-	39,314
Finance and administration	-	-	-	-
Other general government	-	55,000	-	-
Public safety	-	215,377	-	-
Public works	-	-	-	-
Health and welfare	23,314	-	426,332	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	105,000	-	-
Interest and service charges	-	995	-	-
Capital outlay	-	3,723	-	-
Total expenditures	23,314	380,095	426,332	39,314
Excess (deficiency) of revenues over (under) expenditures	171,851	(107,848)	1,782,624	(35,855)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	171,851	(107,848)	1,782,624	(35,855)
Fund balances - beginning, as restated	597,976	763,433	2,104,531	(22,285)
Fund balances - ending	\$ 769,827	\$ 655,585	\$ 3,887,155	\$ (58,140)

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Special Revenue</u>				
<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Weatherization</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	67,343	-	-	-
-	205,029	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	24,936	-
13,717	23,006	579	(1,007)	-
-	-	-	-	-
-	-	-	-	-
<u>13,717</u>	<u>295,378</u>	<u>579</u>	<u>23,929</u>	<u>-</u>
-	-	-	48,500	-
-	-	-	-	-
-	299,523	-	-	-
-	-	-	-	-
16,834	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	36,142	-	-	-
16,834	335,665	-	48,500	-
<u>(3,117)</u>	<u>(40,287)</u>	<u>579</u>	<u>(24,571)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(3,117)</u>	<u>(40,287)</u>	<u>579</u>	<u>(24,571)</u>	<u>-</u>
<u>222,839</u>	<u>298,488</u>	<u>9,044</u>	<u>(6,663)</u>	<u>-</u>
<u>\$ 219,722</u>	<u>\$ 258,201</u>	<u>\$ 9,623</u>	<u>\$ (31,234)</u>	<u>\$ -</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Special Revenue			Total
	Low Income Home Energy Assistance Program	Daycare	Federal Emergency Management Assistance	
REVENUES:				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 1,118,396
Other taxes, penalties, interest, etc.	-	-	-	228,835
Licenses and permits	-	-	-	280,331
Intergovernmental revenues:				
Federal grants	-	-	-	6,283,156
State funds:				
Parish transportation funds	-	-	-	205,029
State revenue sharing (net)	-	-	-	78,386
Other	52,840	-	-	49,673
Fees, charges, and commissions for services	-	-	-	54,306
Fines and forfeitures	-	-	-	234,050
Use of money and property	1,678	469	55	211,584
Special assessments	-	-	-	-
Other revenues	-	-	-	380,907
Total revenues	54,518	469	55	9,124,653
EXPENDITURES:				
Current:				
General government				
Judicial	-	-	-	1,025,151
Finance and administration	-	-	-	-
Other general government	-	-	-	4,430,264
Public safety	-	-	-	215,377
Public works	-	-	-	559,271
Health and welfare	30,029	-	-	1,599,880
Culture and recreation	-	-	-	741,593
Debt service:				
Principal	-	-	-	105,000
Interest and service charges	-	-	-	995
Capital outlay	-	-	-	170,668
Total expenditures	30,029	-	-	8,848,199
Excess (deficiency) of revenues over (under) expenditures	24,489	469	55	276,454
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(75,000)
Total other financing sources (uses)	-	-	-	(75,000)
Net change in fund balances	24,489	469	55	201,454
Fund balances - beginning, as restated	3,416	7,314	870	4,150,932
Fund balances - ending	\$ 27,905	\$ 7,783	\$ 925	\$ 4,352,386

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Debt Service				
Versailles Industrial Park Sinking	Bond Reserve 1977	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 General Obligation Bond
\$ -	\$ -	\$ -	\$ -	\$ 333,968
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(762)	-	27	4,200	9,593
-	-	-	-	-
(762)	-	27	4,200	343,561
-	-	-	-	-
-	-	-	-	14,110
-	-	-	-	11,430
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	220,000	295,000
-	-	-	202,023	30,893
-	-	-	-	-
-	-	-	422,023	351,433
(762)	-	27	(417,823)	(7,872)
-	-	-	427,116	-
-	-	-	-	-
-	-	-	427,116	-
(762)	-	27	9,293	(7,872)
(14,710)	2	879	296,687	687,253
<u>\$ (15,472)</u>	<u>\$ 2</u>	<u>\$ 906</u>	<u>\$ 305,980</u>	<u>\$ 679,381</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Debt Service</u>			<u>Total</u>
	<u>Public Improvement Bonds</u>		<u>Community Disaster Loan</u>	
	<u>Series 1977 and 1999</u>	<u>Series A, B, C</u>		
<u>REVENUES:</u>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 333,968
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	13,058
Special assessments	-	-	-	-
Other revenues	-	-	213,881	213,881
Total revenues	-	-	213,881	560,907
<u>EXPENDITURES:</u>				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	14,110
Other general government	-	-	-	11,430
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	515,000
Interest and service charges	-	-	-	232,916
Capital outlay	-	-	-	-
Total expenditures	-	-	-	773,456
Excess (deficiency) of revenues over (under) expenditures	-	-	213,881	(212,549)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	-	-	427,116
Transfers out	-	-	(210,000)	(210,000)
Total other financing sources (uses)	-	-	(210,000)	217,116
Net change in fund balances	-	-	3,881	4,567
Fund balances - beginning, as restated	-	-	475,122	1,445,233
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,003</u>	<u>\$ 1,449,800</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Capital Projects</u>				
<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Drainage and Siphon</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
53,224	87,618	-	113,418	50,100
-	-	-	-	-
<u>53,224</u>	<u>87,618</u>	<u>-</u>	<u>113,418</u>	<u>50,100</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
40	-	-	-	19,480
-	-	-	181,143	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>40</u>	<u>-</u>	<u>-</u>	<u>181,143</u>	<u>19,480</u>
53,184	87,618	-	(67,725)	30,620
-	-	-	75,000	20,000
-	-	-	-	(20,000)
-	-	-	75,000	-
53,184	87,618	-	7,275	30,620
<u>822,550</u>	<u>1,365,739</u>	<u>-</u>	<u>1,737,732</u>	<u>926,633</u>
<u>\$ 875,734</u>	<u>\$ 1,453,357</u>	<u>\$ -</u>	<u>\$ 1,745,007</u>	<u>\$ 957,253</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Capital Projects</u>			
	<u>911 Communications Construction</u>	<u>1990 General Obligation Bond</u>	<u>Fire District 1-2 C.I. Series Bond</u>	<u>Road District 1 Project Bond</u>
<u>REVENUES:</u>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	13	-	-
Special assessments	-	-	-	-
Other revenues	-	-	-	-
	-	-	-	-
Total revenues	-	13	-	-
<u>EXPENDITURES:</u>				
Current:				
General government				
Judicial	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	13	-	-
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	13	-	-
Fund balances - beginning, as restated	-	204	-	-
Fund balances - ending	\$ -	\$ 217	\$ -	\$ -

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>Capital Projects</u>				Total Nonmajor Governmental Funds
<u>Drainage Construction Bonds of 1967 and 1982</u>	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	
\$ -	\$ -	\$ -	\$ -	\$ 1,452,364
-	-	-	-	228,835
-	-	-	-	280,331
-	-	31,159,956	31,159,956	37,443,112
-	-	-	-	205,029
-	-	-	-	78,386
-	-	-	-	49,673
-	-	-	-	54,306
-	-	-	-	234,050
-	82,753	-	387,126	611,768
-	-	-	-	-
-	26,237	804,802	831,039	1,425,827
-	108,990	31,964,758	32,378,121	42,063,681
-	-	-	-	1,025,151
-	-	-	-	14,110
-	-	25,895,509	25,895,509	30,337,203
-	-	-	-	215,377
-	-	-	19,520	578,791
-	-	-	181,143	1,781,023
-	-	-	-	741,593
-	-	-	-	620,000
-	-	-	-	233,911
-	-	648,910	648,910	819,578
-	-	26,544,419	26,745,082	36,366,737
-	108,990	5,420,339	5,633,039	5,696,944
-	-	-	95,000	522,116
-	-	-	(20,000)	(305,000)
-	-	-	75,000	217,116
-	108,990	5,420,339	5,708,039	5,914,060
-	1,531,938	(571,750)	5,813,046	11,409,211
<u>\$ -</u>	<u>\$ 1,640,928</u>	<u>\$ 4,848,589</u>	<u>\$ 11,521,085</u>	<u>\$ 17,323,271</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
NONMAJOR ENTERPRISE FUND DESCRIPTIONS
DECEMBER 31, 2007

Water District No. 1

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

Water District No. 2

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

Sewer District No. 1

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

Sewer District No. 2

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

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2007

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
<u>ASSETS:</u>					
Current assets:					
Cash and cash equivalents:					
Other debt service accounts	\$ 94,094	\$ 128,831	\$ 10,991	\$ 107,644	\$ 341,560
Total restricted assets	94,094	128,831	10,991	107,644	341,560
Total current assets	94,094	128,831	10,991	107,644	341,560
Capital assets (net of accumulated depreciation)					
Total assets	94,094	128,831	10,991	107,644	341,560
<u>LIABILITIES:</u>					
Current liabilities:					
Total current liabilities	-	-	-	-	-
Current liabilities payable from restricted assets:					
Noncurrent liabilities:					
Accrued vacation leave	-	-	-	-	-
Bonds payable, net of unamortized debt expense	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	-	-
<u>NET ASSETS:</u>					
Restricted for:					
Debt service	94,094	128,831	10,991	107,644	341,560
Total net assets	\$ 94,094	\$ 128,831	\$ 10,991	\$ 107,644	\$ 341,560

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewerage District No. 1</u>	<u>Sewerage District No. 2</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>OPERATING REVENUES:</u>					
Total operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<u>OPERATING EXPENSES:</u>					
Total operating expenses	-	-	-	-	-
Operating loss	-	-	-	-	-
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Ad valorem tax for debt retirement	-	-	-	-	-
Interest earnings:					
Restricted assets	1,520	2,985	46	2,494	7,045
Deductions from taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	1,520	2,985	46	2,494	7,045
Income (loss) before transfers	1,520	2,985	46	2,494	7,045
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	1,520	2,985	46	2,494	7,045
Total net assets - beginning	92,574	125,846	10,945	105,150	334,515
Total net assets - ending	<u>\$ 94,094</u>	<u>\$ 128,831</u>	<u>\$ 10,991</u>	<u>\$ 107,644</u>	<u>\$ 341,560</u>

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
<u>CASH FLOWS FROM OPERATING</u>					
<u>ACTIVITIES:</u>					
Payments to suppliers	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used by operating activities	-	-	-	-	-
<u>CASH FLOWS FROM CAPITAL AND RELATED</u>					
<u>FINANCING ACTIVITIES:</u>					
Receipts from ad valorem taxes - debt retirement	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	-
<u>CASH FLOWS FROM INVESTING</u>					
<u>ACTIVITIES:</u>					
Interest on cash management activities	1,520	2,985	46	2,494	7,045
Net cash provided by investing activities	1,520	2,985	46	2,494	7,045
Net increase (decrease) in cash and cash equivalents	1,520	2,985	46	2,494	7,045
Cash and cash equivalents - beginning	92,574	125,846	10,945	105,150	334,515
Cash and cash equivalents - ending	<u>\$ 94,094</u>	<u>\$ 128,831</u>	<u>\$ 10,991</u>	<u>\$ 107,644</u>	<u>\$ 341,560</u>
<u>Classified as:</u>					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>\$ 94,094</u>	<u>\$ 128,831</u>	<u>\$ 10,991</u>	<u>\$ 107,644</u>	<u>\$ 341,560</u>
<u>Reconciliation of operating income to net cash used by operating activities:</u>					
Operating loss	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating loss to net cash used by operating activities:					
Amortization	-	-	-	-	-
Decrease in accounts payable and other accruals	-	-	-	-	-
Total adjustments	-	-	-	-	-
Net cash used by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS
DECEMBER 31, 2007

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

Self Insurance Fund

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

Water & Sewer Self Insurance Fund

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

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2007**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 1,550,215	\$ 663,953	\$ 2,214,168
Investments	781,225	-	781,225
Due from other funds	850,000	185,203	1,035,203
Prepays	82,101	29,117	111,218
Total assets	<u>3,263,541</u>	<u>878,273</u>	<u>4,141,814</u>
<u>LIABILITIES:</u>			
Accounts payable	8,550	-	8,550
Self insurance claims payable	3,576,117	868,252	4,444,369
Due to other funds	-	-	-
Total liabilities	<u>3,584,667</u>	<u>868,252</u>	<u>4,452,919</u>
<u>NET ASSETS:</u>			
Restricted	<u>(321,126)</u>	<u>10,021</u>	<u>(311,105)</u>
Total net assets	<u>\$ (321,126)</u>	<u>\$ 10,021</u>	<u>\$ (311,105)</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Charges for services	\$ 805,763	\$ -	\$ 805,763
Other operating revenues	14,003	185,203	199,206
Total operating revenues	<u>819,766</u>	<u>185,203</u>	<u>1,004,969</u>
<u>OPERATING EXPENSES:</u>			
Personal services and related benefits	5,076	-	5,076
Professional services	26,589	2,117	28,706
Insurance premiums	896,224	166,482	1,062,706
Insurance and claims expense	913,770	23,500	937,270
Other	7,246	-	7,246
Total operating expenses	<u>1,848,905</u>	<u>192,099</u>	<u>2,041,004</u>
Operating loss	<u>(1,029,139)</u>	<u>(6,896)</u>	<u>(1,036,035)</u>
<u>NONOPERATING REVENUES:</u>			
Interest earnings and service charges	<u>30,140</u>	<u>22,056</u>	<u>52,196</u>
Total nonoperating revenues (expenses)	<u>30,140</u>	<u>22,056</u>	<u>52,196</u>
Loss before transfers	(998,999)	15,160	(983,839)
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	(998,999)	15,160	(983,839)
Total net assets - beginning, as restated	<u>677,873</u>	<u>(5,139)</u>	<u>672,734</u>
Total net assets - ending	<u>\$ (321,126)</u>	<u>\$ 10,021</u>	<u>\$ (311,105)</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES:</u>			
Receipts from customers	\$ 819,766	\$ 185,203	\$ 1,004,969
Payments to suppliers	(1,889,857)	(420,670)	(2,310,527)
Payments to employees	(5,076)	-	(5,076)
Net cash provided (used) by operating activities	<u>(1,075,167)</u>	<u>(235,467)</u>	<u>(1,310,634)</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES:</u>			
Purchase of investments	(13,893)	-	(13,893)
Interest on cash management activities	30,140	22,056	52,196
Net cash provided (used) by investing activities	<u>16,247</u>	<u>22,056</u>	<u>38,303</u>
Net increase (decrease) in cash and cash equivalents	(1,058,920)	(213,411)	(1,272,331)
Cash and cash equivalents - beginning, as restated	<u>2,609,135</u>	<u>877,364</u>	<u>3,486,499</u>
Cash and cash equivalents - ending	<u>\$ 1,550,215</u>	<u>\$ 663,953</u>	<u>\$ 2,214,168</u>
<u>Classified as:</u>			
Cash and cash equivalents	<u>\$ 1,550,215</u>	<u>\$ 663,953</u>	<u>\$ 2,214,168</u>
<u>Reconciliation of operating income (loss) to net cash used by operating activities:</u>			
Operating income (loss)	\$ (1,029,139)	\$ (6,896)	\$ (1,036,035)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	-	-	-
Decrease in due from (to) other funds	(796,220)	(185,202)	(981,422)
(Increase) decrease in prepaid expenses	(107,582)	(38,393)	(145,975)
Decrease in accounts payable and accruals	(24,320)	(4,976)	(29,296)
Increase in self insurance claims payable	882,094	-	882,094
Total adjustments	<u>(46,028)</u>	<u>(228,571)</u>	<u>(274,599)</u>
Net cash provided (used) by operating activities	<u>\$ (1,075,167)</u>	<u>\$ (235,467)</u>	<u>\$ (1,310,634)</u>

(See Auditors' Report)

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF COUNCIL MEMBERS COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2007

Joseph S. DiFatta, Jr., Chairman	\$ 8,354
Lynn B. Dean, Councilman at Large (East)	7,246
Mark Madary, District A	7,200
Judy Darby Hoffmeister, District B	7,200
Kenneth Henderson, District C	7,200
Craig P. Taffaro, Jr., District D	7,200
Tony Ricky Melerine, District E	<u>7,200</u>
 Total	 <u>\$ 51,600</u>

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

SINGLE AUDIT SECTION

ERICKSEN KRENTEL & LA PORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5896
TELEPHONE (504) 486-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TUZZARD*
JAMES E. TONGLET*

*PROFESSIONAL CORPORATION
*LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LECLERE KRENTEL - RETIRED

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

St. Bernard Parish
Chalmette, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Bernard Parish (the Parish) as of and for the year ended December 31, 2007, which collectively comprise St. Bernard Parish's basic financial statements and have issued our report thereon dated September 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Bernard Parish internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Bernard Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Parish's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Parish's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Parish's financial statements that is more than inconsequential will not be prevented or detected by the Parish's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, 2007-3, 2007-4, 2007-5, 2007-6, 2007-9 and 2007-10 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Parish's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider all of them to be material weaknesses.

ERICKSEN KRENTEL & LA PORTE L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

St. Bernard Parish
September 8, 2008

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Bernard Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2007-8 and 2007-11.

St. Bernard Parish's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit St. Bernard Parish's response and, accordingly, we express no opinion on it.

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

September 8, 2008

Erickson, Krentel, LaPorte, LLP

Certified Public Accountants

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET
NEW ORLEANS, LOUISIANA 70119-5996
TELEPHONE (504) 488-7275 • FAX (504) 482-2516
WWW.ERICKSENKRENTEL.COM

JAMES E. LAPORTE*
RICHARD G. MUELLER
RONALD H. DAWSON, JR.*
KEVIN M. NEYREY
CLAUDE M. SILVERMAN*
W. ERIC POWERS
DENNIS J. TUZZARD*
JAMES E. TONGLET*

*PROFESSIONAL CORPORATION
*LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - RETIRED
J.V. LEGLERE KRENTEL - RETIRED

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

St. Bernard Parish
Chalmette, Louisiana

Compliance

We have audited the compliance of St. Bernard Parish, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. St. Bernard Parish's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of St. Bernard Parish's management. Our responsibility is to express an opinion on St. Bernard Parish's compliance based on our audit.

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

In our opinion, St. Bernard Parish, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of St. Bernard Parish is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered St. Bernard Parish's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of St. Bernard Parish's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

ERICKSEN KRENTEL & LAPORTE L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

St. Bernard Parish
September 8, 2008

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-7, 2007-8 and 2007-11 to be material weaknesses in internal control over compliance.

St. Bernard Parish's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit St. Bernard Parish's response and, accordingly, we express no opinion on it.

This report is intended for the information of management and the board of commissioners, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

September 8, 2008

Erickson, Krentel, & Laporte, LLP

Certified Public Accountants

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness Federal Emergency Management Agency - Disaster Grants - Public Assistance</i>			
	97.036	FEMA-LA-DR1603	\$ 191,719,940 *
Total U.S. Department of Homeland Security			<u>191,719,940</u>
U.S. Department of Housing and Urban Development			
<i>Community Development Block Grant</i>			
	14.218		<u>21,522</u>
Total U.S. Department of Housing and Urban Development			<u>21,522</u>
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
Workforce Investment Act - Adult Title I-B	17.258	WIA Grant #10	1,143,622 *
Workforce Investment Act - Youth Program	17.259	WIA Grant #10	635,299 *
Workforce Investment Act - Dislocated Worker IA - Admin.	17.260	WIA Grant #10	542,352 *
Workforce Investment Act - Administrative Pool	17.260	WIA Grant #10	227,996 *
Workforce Investment Act - NEG Phase 2	17.260		1,371,000 *
Workforce Investment Act - 10% Award	17.260		43,200 *
Workforce Investment Act - Disability Navigator Program	17.266	CFMS620833	16,000
Workforce Investment Act - STEP	17.001	CFMS610360	45,111
Workforce Investment Act - H1B Grant	17.261	CFMS632514	87,583 *
Workforce Investment Act - Katrina Program	17.260	630897	<u>22,000 *</u>
Total U.S. Department of Labor			<u>4,134,163</u>
U. S. Department of Health & Human Services			
<i>Community Services Block Grant</i>			
	93.569		<u>3,709</u>
Total U.S. Department of Health & Human Services			<u>3,709</u>
U. S. Department of Commerce			
<i>Coastal Zone Management Grants</i>			
	11.419	2515-06-04	25,000
<i>National Oceanic & Atmospheric Administration Projects Grant</i>			
	11.469		<u>96,705</u>
Total U.S. Department of Health & Human Services			<u>121,705</u>
Total Expenditures of Federal Awards			<u>\$ 196,001,039</u>

* - Major Program

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

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

FEMA Disaster Grant Public Assistance (CFDA No. 97.036)

NOTE 2 - FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2007.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

ACCRUED AND DEFERRED REIMBURSEMENT

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

PAYMENTS TO SUBRECIPIENTS

The Parish did not make any payments to subrecipients for the year ended December 31, 2007.

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007

We have audited the financial statements of St. Bernard Parish as of and for the year ended December 31, 2007, and have issued our report thereon dated September 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

SECTION I SUMMARY OF AUDITORS' REPORTS

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses X Yes ___ No
Significant Deficiencies X Yes ___ No

Compliance

Non-compliance Material to Financial Statements X Yes ___ No

b. Federal Awards

Internal Control

Material Weaknesses X Yes ___ No
Significant Deficiencies X Yes ___ No

Type of Opinion on Compliance Unqualified X Qualified ___
for Major Programs Disclaimer ___ Adverse ___

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?
X Yes ___ No

c. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
	See Schedule of Federal Awards

Dollar threshold used to distinguish Type A and Type B Programs \$300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?
___ Yes X No

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

SECTION II FINANCIAL STATEMENT FINDINGS

2007-01 Reconciliation of Cash

Condition – Cash account reconciliations were performed on a monthly basis. However, adjustments were not always made to the general ledger for reconciling items.

Criteria – Cash accounts should be reconciled to the general ledger balances and adjustments made for reconciling items in a timely manner.

Effect – The ending cash balance in the general ledger did not accurately reflect the Parish's actual cash balance.

Cause – Bank reconciliation's were not being reviewed on a timely basis.

Recommendation – The Finance Director should review all bank reconciliations on a monthly basis and ensure that all reconciling items are accounted for in the general ledger.

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

2007-02 Books and Records Kept on Cash Basis of accounting

Condition – Only cash receipt and cash disbursement transactions were recorded in the general ledger during 2007.

Criteria – Generally Accepted Accounting Procedures requires that Governmental activities be recorded on the modified accrual basis of accounting.

Effect – Significant receivables and payables were not recorded in the proper period. Revenues and expenditures on both the fund and government wide financial statements were not recorded in the proper period, requiring a significant prior period adjustment.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the finance department to suspend normal closing procedures and operate on a cash basis.

Recommendation – Normal operating procedures to record revenues when available and measurable rather than when received, and expenditures when incurred rather than when paid must be implemented.

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

2007-03 Capital Expenditures Not Identified on the Fixed Asset Schedules and not Depreciated During the Period.

Condition – The Parish's capital expenditures during the period were not identified and recorded to the Fixed Asset schedules. Additionally proper estimated depreciation was not recognized during the period as required by Generally Accepted Accounting Procedures.

Criteria – Generally Accepted Accounting Procedures requires that Capital Expenditures be identified and tracked. Estimated depreciation expense and related accumulated depreciation is required to be reflected in the government wide financial statements.

Effect – Significant capital expenditures were not recorded to the fixed asset schedules thus requiring significant adjustments prior to the issuance of the financial statements.

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the finance department to suspend normal recording of capital expenditures to the fixed asset schedules.

Recommendation – Normal operating procedures to record capital expenditures to the fixed asset schedules must be implemented and followed.

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

2007-04 Miscoding and Improper Classification of Revenue and Expenses

Condition – A significant number of transactions were coded to the incorrect accounts and had to be reclassified prior to the issuance of the financial statements.

Criteria – Individual revenue and expense transactions must be recorded to the proper general ledger accounts.

Effect – Material financial statement line item categories were misstated requiring significant adjustments prior to the issuance of the financial statements.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the lack of review over the coding of transactions to the general ledger.

Recommendation – The individuals within the Finance Department who are responsible for account coding of revenues and expenditures must have adequate training and a proper understanding of the Parish's chart of accounts. This will enable them to quickly and accurately identify the accounts various transactions must be coded to. The Finance Director should oversee and review the coding of revenue and expenditure transactions to the general ledger.

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

2007-05 Long-Term Debt Accounts not Adjusted

Condition – We noted several bond payable, interest and discount and premium accounts that had not been adjusted since 2004.

Criteria – Generally Accepted Accounting Principals requires that long-term debt accounts be properly stated in government wide financial statements and debt service financial statements.

Effect – Material financial statement categories of long term debt and related accounts were misstated requiring significant adjustments prior to the issuance of the financial statements.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the lack of reconciliation of long term debt and related accounts.

Recommendation – The Finance Director should oversee and review the reconciliation of long term debt and related accounts.

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

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

2007-06 Inter-fund Accounts did not Balance

Condition – Inter-fund receivables, liabilities and transfers were not recorded properly in 2007.

Criteria – Generally Accepted Accounting Principals requires all inter-fund receivables, liabilities and transfers net.

Effect – Inter-fund receivables, liabilities and transfers did not balance and were not reconciled during the period requiring significant adjustment prior to the issuance of the financial statements.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the lack of reconciliation of inter-fund receivables, liabilities and transfers.

Recommendation – The Finance Director should oversee and review the reconciliation of inter-fund receivables, liabilities and transfers.

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

2007-07 Reconciliation of Federal Financial Assistance

Condition – The schedule of Federal Financial Assistance required significant adjustments before it was reconciled to the financial statements and the general ledger to determine the amount received.

Criteria – The Parish should maintain schedules to reconcile assistance received to amounts reported in the general ledger and financial statements.

Effect – We were unable to plan our test of assistance received until such time as the schedule was reconciled.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the lack of reconciliation of The Schedule of Federal Financial Assistance.

Recommendation – The Finance Director should oversee and review the reconciliation of The Schedule of Federal Financial Assistance.

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

2007-08 Failure to Timely File Audited Financial Statements

Condition – The Parish failed to submit its annual report to the Louisiana Legislative Auditor's office within six month of the close of its fiscal year on December 31, 2007.

Criteria – Louisiana Revised Statue 24:513 requires entities receiving governmental funds to in Louisiana to submit an annual report to the Louisiana Legislative Auditor's office within six months of the close of the entities fiscal year.

Effect – The Parish failed to comply with the timely filing requirements of Louisiana Revised Statue 24:513

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. Additionally, during 2007 the Parish replaced its Finance Director. The manpower shortage, turnover at the top of the Finance Department and the emergency operations of the Parish caused the Finance Department to fall significantly behind in accurately closing out the fiscal year and preparing for the audit.

Recommendation – The Parish should comply with Louisiana Revised Statute 24:513.

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

2007-09 Accrued Annual Leave not Recorded

Condition – The accrued annual leave liabilities accounts were not adjusted during 2007.

Criteria – Generally Accepted Accounting Principles requires that accrued annual leave be recorded to the general ledger and reflected in the government wide financial statements.

Effect – The accrued annual leave liability accounts in the general ledger did not agree with schedules provided to us by the payroll department. These accounts required significant adjustment prior to the issuance of the financial statements.

Cause – Following Hurricane Katrina the Parish's Finance Department suffered a loss of personnel and significant turnover. The manpower shortage coupled with the emergency operations of the Parish caused the lack of reconciliation of accrued annual leave.

Recommendation – The Finance Director should oversee and review the reconciliation of accrued annual leave.

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

2007-10 Self Insurance not Allocated Properly Amongst Funds

Condition – The Parish is self-insured for general liability and workers compensation matters up to certain limits. The self-insurance program and claims are managed by a third party administrator that assesses claims and estimates the Parish's potential liabilities. These liabilities were not initially allocated to the funds in which the claims arose and from which the ultimate settlement would likely be paid.

Criteria – Claims liabilities of each major fund and collectively the non-major funds must be allocated properly for the financial statements to accurately reflect the liability.

Effect – Prior to adjustment, the financial statements did not accurately reflect the estimated claims liability of the Parish.

Cause – While the third party administrator is responsible for tracking the claims and estimating the Parish's potential liabilities, there was no follow-up by the Finance Department to ensure that the estimated liabilities were recorded in the proper funds and accurately reflected in the Parish's financial statements.

Recommendation – Individuals within the Finance Department should be assigned the responsibility to communicate with the third party administrator, record any liabilities requiring accrual and maintain all required information for footnote disclosures. The Finance Director should oversee this process and periodically review the information accumulated for accuracy.

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

ST. BERNARD PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

2007-11 Violation of Louisiana Budget Laws

Condition – The Parish failed to amend its adopted budget when its total actual expenditures exceeded the total budgeted expenditures by five percent or more and failed to retain a copy of originally adopted line item budget.

Criteria – The Louisiana Local Government Budget Act requires the Parish to amend its adopted budget when its total expenditures exceed the total budgeted expenditures by five percent or more and failed to retain a copy of originally adopted line item budget.

Effect – The Parish has violated the Louisiana Local Government Budget Act by failing to amend its budget when legally required and not retaining the originally adopted line item budget.

Cause – The Parish's controls over its compliance with laws affecting budgeting failed to identify the law violations.

Recommendation – The Parish Finance Director or another qualified member of the Parish management should be designated and assigned the responsibility of monitoring the Parish's compliance with the Louisiana Local Government Budget Act.

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

**ST. BERNARD PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2007**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS & FEDERAL AWARDS**

Material Weakness

2006-1 Poor Condition of Internal Controls and Inadequate Recordkeeping

The prior auditors noted that the basic accounting and reporting systems for revenues, receivables, disbursements, accounts payable accrued liabilities, payroll and fixed assets were not effective during the year ended December 31, 2006, which resulted in inadequate records. Also, sufficient, competent evidential matter was either lost or destroyed due to the aftermath of Hurricane Katrina and was not available to support the transactions of the Parish's major federal programs and, thus, did not permit the application of certain necessary audit procedures.

The Parish re-established basic controls over the accounting and reporting systems and maintained sufficient records supporting transactions for the year ended December 31, 2007. Therefore, this issue is resolved.

**ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLANS
DECEMBER 31, 2007**

Finding 07-01 Reconciliation of Cash

The Finance Director will review all bank reconciliations on a monthly basis to ensure that all reconciling items are accounted for in the General Ledger.

Finding 07-02 Books and Records Kept on Cash Basis of Accounting

To be in compliance with Generally Accepted Accounting Principles, vendors will now submit invoices for payment to the Finance Department first so that the Finance Department can "book" expenditures and payables in the periods in which the work and/or services to be paid for are incurred.

With regard to receivables, revenues and/or reimbursements, the Finance Director is presently working with Directors, Department Heads and the Grants Department to insure that proper notification is made to the Finance Department to record receivables when grants or other awards are made available and to record revenues and/or reimbursements in the periods that they can be measured.

Finding 07-03 Capital Expenditures/Fixed Assets

The last fixed asset inventory was taken in the year, 2004, and after that time, no one was assigned to oversee "Fixed Assets". With the implementation of the 2008 Administration, an internal auditor was hired and the first fixed asset inventory which was basically to identify what was lost in Hurricane Katrina and what fixed assets were left was done within the time period of the annual audit.

At this time, great strides were made to capture the assets, and for the first time since 2004, fixed asset schedules were prepared and depreciation was calculated on these assets.

The Internal Auditor has developed a policy for tracking assets, such as requiring VIN numbers or serial numbers before an asset is tagged so that the asset can be documented and tracked. Also, a physical inventory will be taken at least once a year.

With regard to the recordation of depreciation expense, related accumulated depreciation, additions and deletions, the Finance Director will oversee that these significant adjustments are made prior to the issuance of the financial statements.

Finding 07-04 Miscoding and Improper Classification of Revenue and Expenses

Miscoding and improper identification and classification of accounts was a major flaw noted by the Finance Director who was hired in 2008. An immediate goal of the Finance Director has been to properly classify accounts which are basic to accurately identify and document accounting transactions and follow through using basic accounting principles.

The Finance Director has also involved Directors and key Department Heads to express their needs to the Finance Department so that the Finance Department can financially reflect those needs.

The Finance Director has recommended to Administration to hire an Assistant Finance Director with governmental accounting experience. To allow the Finance Department to function responsibly, the Finance Department should have at the very least another staff member with accounting knowledge and experience.

Finding 07-05 Long-Term Debt Accounts Not Adjusted

A goal of the Finance Director is to identify and organize the accruals necessary to be in compliance with Generally Accepted Accounting Principles. She has identified what bonds Parish Government holds and prepared a binder with Bond Payables, interest, discount and premium accruals that must be made by year end.

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT'S CORRECTIVE ACTION PLANS (CONTINUED)
DECEMBER 31, 2007

Finding 07-06 Inter-fund Accounts Did Not Balance

One of the tasks of the Finance Director during the audit process was to identify and properly classify and journalize transfers between funds. The generic account numbers "599999-Transfers Out" and "499999-Transfers In" were used which did not identify where the funds were going to and where the funds were coming from. To correct this situation, the Finance Director developed account numbers which specifically identify where transfers were coming from and where transfers were going to. Also, in many cases, it was found that rather than using an expense account or a revenue account such as these generic numbers, a "Due To" and "Due From" account was created to properly identify and journalize transfers between funds.

Finding 07-07 Reconciliation of Federal Financial Assistance

A goal of the Finance Director is to maintain control of overseeing that Grant monies are properly identified and journalized. In previous years when Grant monies were received, there was no identification as to what the grant was—all monies received were recorded to Federal or State Grants. FEMA monies received were also included in this account. The Finance Director has created codes to identify what grant the monies received are from and if the sources of the funds received are Federal or State.

The Finance Director is working with the Grant Department to identify what Grant monies are available to the Parish.

With regard to FEMA funds, the Finance Director has opened a separate checking account which holds only FEMA monies so that these funds will be separate from normal operating funds.

A new procedure for receiving invoices and recording receivables from Grant monies will be developed in which the Finance Department will record the availability of grant monies when the expenses to be reimbursed are incurred.

Finding 07-08 Failure to Timely File Audited Financial Statements

The newly-installed administration and the newly-hired Finance Director understand the importance of complying with Louisiana Revised Statute 24-513 by submitting annual reports to the Louisiana Legislative Auditor's Office within the time allotted. A cooperative effort has been formed between all members of Parish Government and the Finance Department to work together to follow policy and procedures to institute the Finance Department's ability to record transactions properly and prepare financial statements within a timely manner.

With the proper staffing of the Finance Department and with the cooperation of all members of Parish Government, Parish Government will comply with Louisiana Revised Statute 24:513.

Finding 07-09 Accrued Annual Leave Not Recorded

The Finance Director will oversee and review the reconciliation of accrued annual leave.

Finding 07-10 Self Insurance Not Allocated Properly Among Funds

The Finance Department will communicate with the third party administrator, record any liabilities requiring accrual and maintain all required information for footnote disclosures.

The Finance Director has already begun working with the Risk Manager of St. Bernard Parish Government to properly identify and record insurance transactions. The Finance Director has also begun working with SBPG's Risk Manager to prepare the 2009 budget and separate insurance coverages accordingly and to be ready to properly record insurance liabilities and accruals.

Finding 07-11 Violation of Louisiana Budget Laws

The 2008 Original Budget was adopted before the incoming Administration. Since the inception of the new 2008 Administration, the 2008 Original was amended and adopted. At the present time, the Finance Director is reviewing the 2008 Amended Budget and will introduce amendments, if necessary, to ensure that Parish Government complies with the Louisiana Local Government Budget Act.

Contact: Debra Benvenuti, Finance Director (504) 278-4255

Court Exhibit F

From: Erika James/DCA/CFC/USCOURTS
To: Kim Owens <kowens@sbsp.net>
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>

Date: Monday, March 21, 2016 01:48PM
Subject: Re: Public Records Request Response (4 of 4)

Ms. Owens,

I hope this email finds you well. The court has a few questions concerning the Financial Statements for 2005, 2006, and 2007. I am hoping you can address them or direct me towards someone who can.

From the reports, the court has compiled the following information:

- 2005 Ad Valorem (Net Assets) = \$4,969,760 (at pg. 3); Ad Valorem (Statement of Activities) = \$4,713,178 (at p. 5)
- 2006 Ad Valorem (Net Assets) = \$5,572,601 (at pg. 3); Ad Valorem (Statement of Activities) = \$10,635,155 (at p. 5)
- 2007 Ad Valorem (Net Assets) = \$11,535,489 (at pg. 12); Ad Valorem (Statement of Activities) = \$6,163,170 (at p. 14)

First, the numbers for 2007 appear to be transposed. Is there a typographical error or is that information correct?

Second, is St. Bernard Parish able to segregate out the "real property" tax numbers for the years identified above? If so, the court would like to request that St. Bernard Parish send the court that information.

Finally, the court will need to request an affidavit from someone in the St. Bernard Parish Government who can attest to the information provided (either pursuant to the request above regarding the segregated numbers or the Financial Statements we already have). Who might that individual be?

Judge Braden is looking to publish this decision in the coming days and would appreciate a response as soon as possible. If there are any questions, please feel free to contact me using the information below.

Thank you in advance,

Erika

Erika James

Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 12/22/2015 10:26AM
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>
Subject: Public Records Request Response (4 of 4)

Ms. James,

Attached are the 2007 financial statements for St. Bernard Parish Government per you request dated 12/15/15.

Thank You,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpbg.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Court Exhibit G

From: Erika James/DCA/CFC/USCOURTS
To: nsfoster@nola.gov, bbgariepy@nola.gov
Cc: raguercio@nola.gov, cscrollins@nola.gov
Bcc: bbgarepy@nola.gov

Date: Monday, March 21, 2016 01:10PM
Subject: Request from the United States Court of Federal Claims

Mr. Foster and Ms. Gariepy,

I hope this email finds you well. My name is Erika James and I serve as Law Clerk to the Honorable Susan G. Braden here at the United States Court of Federal Claims.

The court is in the process of publishing a decision that concerns the City of New Orleans, specifically, the Lower Ninth Ward. In doing so, we are relying on the city's public records, specifically, the "property tax" numbers located in the Financial Statements available at <http://www.nola.gov/accounting/#report>. From these reports, we have compiled the following information:

- 2005 Financial Statement at p. 6 and 16 - Property Tax = \$160,130,000
- 2006 Financial Statement at p. 6 and 15 - Property Tax = \$132,659,000
- 2007 Financial Statement at p. 8 and 16 - Property Tax = \$142,480,000 (**Page 8 of this report lists the 2006 property tax as "\$127,659,000," even though this number is not reported in the 2006 report. Is there a specific reason for this discrepancy?)

The court's first inquiry concerns whether "property tax" only relates to "real property." If not, do you have numbers that reflect "real property taxes" collected for 2005, 2006 and 2007?

Second, because the property tax numbers in this report do not specifically concern the Lower Ninth Ward, the court would like to request to have the Lower Ninth Ward real property tax numbers segregated out of the general financial statement, so that we can include these numbers in the court's decision. After speaking with Ms. Rollins, it is my understanding that the Treasury Department may be able to do this.

Third, who from the New Orleans government can attest to the numbers listed in the Financial Statements (or, if the request above is deemed possible, who can attest to the segregated numbers)? It is my understanding that Mr. Foster would be the correct person, but please confirm. The court will need to request an affidavit from the individual identified.

Finally, Judge Braden would like to know whether the numbers can be segregated as soon as possible and would appreciate your immediate attention to this matter. If you have any questions, please feel free to contact me using the information listed below.

Thank you in advance,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

Court Exhibit H

From: Jaylynn Bergeron Turner <jturner@stbassessor.org>
To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
Cc: Joyce Bergeron <Joyce@stbassessor.org>

Date: Tuesday, March 29, 2016 04:10PM
Subject: RE: Request from the United States Court of Federal Claims

History: ✦ This message has been replied to.

Ms. James,

In response to your email, I was not the Assessor for those years. Therefore, I will not be able to provide you with that information, with the growth rate for a 10 year period, prior to 2005.

I have attached the following grand recaps for 2003 and 2004 for your reference.

Please forward to me the affidavit request.

Thank You,

Jaylynn

Jaylynn Bergeron Turner, CLA - Assessor

Parish of St. Bernard

2118 Jackson Blvd. - Suite A - Chalmette La. 70043

504-279-6379

Email: Jaylynn@stbassessor.org

DISCLAIMER; Any e-mail may be construed as a public document, and may be subject to a public Records request. The contents of this e-mail reflect the opinion of the writer, and are not necessarily

the opinion of the St. Bernard Parish Assessor's Office.

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Tuesday, March 29, 2016 12:07 PM
To: Jaylynn Bergeron Turner
Subject: Request from the United States Court of Federal Claims

Hi Ms. Turner,

As a follow up to the information sent over by your office, could you please give your attention to the following:

- Can you provide to the court the growth rate for a 10-year period, prior to 2005, for total assessment land and improvements? If not, in the alternative, can you please provide us with the total assessment land and improvements (i.e., total taxes due from taxpayer for land and improvements) for 2003 and 2004, similar to the reports you've already provided?
- Once the court completes its analysis of the data, it will need someone from your office to validate the information relied upon. Should we send that affidavit request to you?

Thanks,
Erika
Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Forwarded by Erika James/DCA/CFC/USCOURTS on 03/29/2016 12:58PM -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Lenor Duplessis <lduplessis@sbgp.net>
Date: 03/24/2016 01:38PM
Subject: RE: Request from the United States Court of Federal Claims

(See attached file: real property assessments 2005-2007.pdf)

Ms. James,

Attached is the information I have received from the Assessor's Office for the year's 2005, 2006 and 2007.

If you have any questions regarding the information please contact Assessor Jaylynn Turner at 504-279-6379.

Thank you,

Lenor Duplessis

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Wednesday, March 23, 2016 12:33 PM
To: Lenor Duplessis
Subject: RE: Request from the United States Court of Federal Claims

Thanks very much! I look forward to hearing from you tomorrow.

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Lenor Duplessis <lduplessis@sbgpg.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Lenor Duplessis <lduplessis@sbgpg.net>
Date: 03/23/2016 01:18PM
Subject: RE: Request from the United States Court of Federal Claims

I have reached out to the Assessor's Office for the information.

She is out today but will call me tomorrow.

The Assessor is Jaylynn Bergeron Turner and her phone number is 504-279-6379.

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Wednesday, March 23, 2016 12:09 PM
To: Lenor Duplessis
Cc: William M. McGoey
Subject: Request from the United States Court of Federal Claims

Good afternoon Ms. Duplessis,

In reference to my email below, the court would like to know if St. Bernard is able to fulfill this request and help us obtain the "real property" tax numbers for St. Bernard Parish for the years 2005, 2006, and 2007.

Is this request possible and if so, do you have a sense of timing?

Thank you in advance for your attention to this matter.

Best,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 03/21/2016 02:53PM
Cc: "William M. McGoey" <wmcgoey@sbsp.net>, Lenor Duplessis <lduplessis@sbsp.net>
Subject: RE: Public Records Request Response (4 of 4)

Your very welcome !

Kim Owens

Office Manager, Resident Services & Compliance

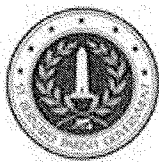
St. Bernard Parish Government

Office (504) 278-4224

Fax (504) 278-4484

kowens@sbsp.net

www.sbsp.net



From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Monday, March 21, 2016 1:50 PM
To: Kim Owens
Cc: William M. McGoey; Lenor Duplessis
Subject: RE: Public Records Request Response (4 of 4)

Thanks very much, Kim. I look forward to hearing from Ms. Duplessis.

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 03/21/2016 02:11PM
Cc: "William M. McGoey" <wmcgoey@sbsp.net>, Lenor Duplessis
<lduplessis@sbsp.net>
Subject: RE: Public Records Request Response (4 of 4)

Good Afternoon Ms. James,

I no longer work in the office that handles Public Records Request. Ms. Lenor Duplessis in the Administration Office here at St. Bernard Parish Government now handles the request. I copied Ms. Duplessis in this response so she will also have the information that you are requesting. You may also continue to copy the Parish Attorney, William McGoey, on any future correspondence/request. If you have any questions regarding this matter, please do not hesitate contacting me.

Thank You,

Kim Owens

Office Manager, Resident Services & Compliance

St. Bernard Parish Government

Office (504) 278-4224

Fax (504) 278-4484

kowens@sbgp.net

www.sbgp.net



From: [Erika James@ao.uscourts.gov](mailto:Erika_James@ao.uscourts.gov) [mailto:[Erika James@ao.uscourts.gov](mailto:Erika_James@ao.uscourts.gov)]

Sent: Monday, March 21, 2016 12:49 PM

To: Kim Owens

Cc: Scott M. Smith; William M. McGoey

Subject: Re: Public Records Request Response (4 of 4)

Ms. Owens,

I hope this email finds you well. The court has a few questions concerning the Financial Statements for 2005, 2006, and 2007. I am hoping you can address them or direct me towards someone who can.

From the reports, the court has compiled the following information:

- 2005 Ad Valorem (Net Assets) = \$4,969,760 (at pg. 3); Ad Valorem (Statement of Activities) = \$4,713,178 (at p. 5)
- 2006 Ad Valorem (Net Assets) = \$5,572,601 (at pg. 3); Ad Valorem (Statement of Activities) = \$10,635,155 (at p. 5)
- 2007 Ad Valorem (Net Assets) = \$11,535,489 (at pg. 12); Ad Valorem (Statement of Activities) = \$6,163,170 (at p. 14)

First, the numbers for 2007 appear to be transposed. Is there a typographical error or is that information correct?

Second, is St. Bernard Parish able to segregate out the "real property" tax numbers for the years identified above? If so, the court would like to request that St. Bernard Parish send the court that information.

Finally, the court will need to request an affidavit from someone in the St. Bernard

Parish Government who can attest to the information provided (either pursuant to the request above regarding the segregated numbers or the Financial Statements we already have). Who might that individual be?

Judge Braden is looking to publish this decision in the coming days and would appreciate a response as soon as possible. If there are any questions, please feel free to contact me using the information below.

Thank you in advance,

Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 12/22/2015 10:26AM
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>
Subject: Public Records Request Response (4 of 4)

Ms. James,

Attached are the 2007 financial statements for St. Bernard Parish Government per your request dated 12/15/15.

Thank You,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbsp.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to

ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

Grand Recap 2003 & 2004.pdf

TAXPAYER NAME & ADDRESS / PROPERTY DESCRIPTION	EXEMPTED TAX	TAXES DUE	TAX DISTRICT	MILLAGE	TOTAL
238,558.37	559,762.97	Assessment District	1.92	798,324.34	
382,687.44	897,953.06	Garbage District	3.08	1,280,640.50	
279,560.62	655,972.21	General Obligation B	2.25	935,532.83	
78,276.94	183,672.21	Health District	.63	261,949.15	
1,623,936.73	3,807,709.90	LBLD	13.07	5,431,646.63	
464,691.89	1,090,371.59	Library	3.74	1,555,063.48	
152,826.44	357,588.76	Lighting	1.23	510,415.20	
345,412.68	810,490.10	Parish	2.78	1,155,902.78	
1,948,217.44	4,571,379.21	Police District	15.68	6,519,596.65	
454,751.96	1,067,048.13	Port Harbor & Termin	3.66	1,521,800.09	
382,687.44	897,953.06	Road District	3.08	1,280,640.50	
272,105.67	638,479.62	SRAD	2.19	910,585.29	
118,036.69	276,966.03	Senior Citizen Cente	.95	395,002.72	
5,653,308.65	13,265,161.40	School District	45.5018	218,469.75	
807,509.46	1,730,984.55	Fire District #1	7.43	2,338,494.01	
129,886.09	487,215.46	Fire District #2	8.35	547,101.55	
.00	367.18	General Obligation B	2.25	267.18	
.00	930.86	LBLD-K.R.#52.80 Mi.	.00	930.86	
.00	337.49	LBLD Bonds	2.00	237.49	
12,395,058.96	29,002,410.19	Parish Wide	99.7641	397,469.15	
.00	60,052.04	Parish Wide w/o Ligh	98.53	60,052.04	
.00	18,045.72	Parish Wide w/o Lit/	185.46	18,045.72	
.00	1,246.86	School Board Bonds	10.50	1,246.86	
71,000.66	156,657.23	Sewerage District #2	.75	227,657.89	

FARISH TOTAL ----- ASSESSMENT-415,911.140 EXEMPTION-124,249,179 TAXABLE 291,661,961

NO. ASSESSMENTS 27,146 TOTAL ASSESSMENT LAND AND IMPROVEMENTS 236,793,259
 NO. WITH EXEM 18,394 TOTAL ASSESSMENTS OTHER 179,117,881
 NO. ACRES 257,757

100% H/E 9,618

TAXES COVERED BY HOMESTEAD EXEMPTION 13,403,455.17
 TAXES DUE FROM TAXPAYER 31,458,047.58

LTC Total 6,310.09

TAXPAYER NAME & ADDRESS / PROPERTY DESCRIPTION	EXEMPTED TAX	TAXES DUE	TAX DISTRICT	MILLAGE	TOTAL
	215,293.37	497,655.38	Assessment: District	1.92	712,948.75
	363,307.58	839,793.47	Garbage District	3.24	1,203,101.05
	252,296.93	583,189.88	General Obligation B	2.25	835,485.81
	74,007.06	171,069.04	Health District	.66	245,076.10
	1,493,598.02	3,450,568.71	LBBLD	13.32	4,944,166.73
	441,799.98	1,021,230.32	Library	3.94	1,463,030.30
	144,650.22	333,391.82	Lighting	1.29	478,042.04
	328,546.67	759,442.85	Parish	2.93	1,087,989.52
	1,758,215.25	4,064,173.07	Police District	15.68	5,822,388.32
	410,403.03	948,655.57	Port Harbor & Termin	3.66	1,359,058.60
	363,307.58	839,793.47	Road District	3.24	1,203,101.05
	257,903.54	596,149.65	SBARD	2.30	854,053.19
	112,131.94	259,195.52	Senior Citizen Cente	1.00	371,327.46
	5,186,061.57	11,987,754.70	School District	46.25	17,173,816.27
	784,065.56	1,616,152.91	Fire District #1	7.88	2,400,218.47
	107,428.77	459,112.37	Fire District #2	8.51	566,541.04
	.00	267.18	General Obligation B	2.25	267.18
	.00	930.86	LBBLD-R.R.#52.80 Mi.	.00	930.86
	.00	267.18	LBBLD Bonds	2.25	267.18
	11,401,522.74	26,278,461.65	Parish Wide	101.68	37,679,984.39
	.00	61,080.28	Parish Wide w/o Ligh	100.39	61,080.28
	.00	12,521.52	Parish Wide w/o Lit/	187.07	12,521.52
	.00	1,335.92	School Board Bonds	11.25	1,335.92
	63,816.02	137,901.72	Sewerage District #2	.75	201,717.74

PARISH TOTAL ----- ASSESSMENT--371,446,251 EXEMPTION--112,131,987 TAXABLE--259,314,264

NO. ASSESSMENTS 26,946 TOTAL ASSESSMENT LAND AND IMPROVEMENTS 192,470,245

NO. WITH EXEM 18,413 TOTAL ASSESSMENTS OTHER 178,976,006

NO. ACRES 325,106

* 100% N/E 13,947

TAXES COVERED BY HOMESTEAD EXEMPTION 12,356,833.09

TAXES DUE FROM TAXPAYER 28,568,031.49

LTC Total 6,348.12

Court Exhibit I

From: Lenor Duplessis <lduplessis@sbsp.net>
To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>

Date: Thursday, March 24, 2016 01:38PM
Subject: RE: Request from the United States Court of Federal Claims

History: ✉ This message has been replied to and forwarded.

Ms. James,

Attached is the information I have received from the Assessor's Office for the year's 2005, 2006 and 2007.

If you have any questions regarding the information please contact Assessor Jaylynn Turner at 504-279-6379.

Thank you,

Lenor Duplessis

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Wednesday, March 23, 2016 12:33 PM
To: Lenor Duplessis
Subject: RE: Request from the United States Court of Federal Claims

Thanks very much! I look forward to hearing from you tomorrow.

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Lenor Duplessis <lduplessis@sbsp.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Lenor Duplessis <lduplessis@sbsp.net>
Date: 03/23/2016 01:18PM
Subject: RE: Request from the United States Court of Federal Claims

I have reached out to the Assessor's Office for the information.

She is out today but will call me tomorrow.

The Assessor is Jaylynn Bergeron Turner and her phone number is 504-279-6379.

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Wednesday, March 23, 2016 12:09 PM
To: Lenor Duplessis
Cc: William M. McGoey
Subject: Request from the United States Court of Federal Claims

Good afternoon Ms. Duplessis,

In reference to my email below, the court would like to know if St. Bernard is able to fulfill this request and help us obtain the "real property" tax numbers for St. Bernard Parish for the years 2005, 2006, and 2007.

Is this request possible and if so, do you have a sense of timing?

Thank you in advance for your attention to this matter.

Best,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 03/21/2016 02:53PM
Cc: "William M. McGoey" <wmcgoey@sbsp.net>, Lenor Duplessis <lduplessis@sbsp.net>
Subject: RE: Public Records Request Response (4 of 4)

Your very welcome !

Kim Owens

Office Manager, Resident Services & Compliance

St. Bernard Parish Government

Office (504) 278-4224

Fax (504) 278-4484

kowens@sbsp.net

www.sbsp.net



From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Monday, March 21, 2016 1:50 PM
To: Kim Owens
Cc: William M. McGoey; Lenor Duplessis
Subject: RE: Public Records Request Response (4 of 4)

Thanks very much, Kim. I look forward to hearing from Ms. Duplessis.

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 03/21/2016 02:11PM
Cc: "William M. McGoey" <wmcgoey@sbsp.net>, Lenor Duplessis <lduplessis@sbsp.net>
Subject: RE: Public Records Request Response (4 of 4)

Good Afternoon Ms. James,

I no longer work in the office that handles Public Records Request. Ms. Lenor Duplessis in the Administration Office here at St. Bernard Parish Government now handles the request. I copied

Ms. Duplessis in this response so she will also have the information that you are requesting. You may also continue to copy the Parish Attorney, William McGoey, on any future correspondence/request. If you have any questions regarding this matter, please do not hesitate contacting me.

Thank You,

Kim Owens

Office Manager, Resident Services & Compliance

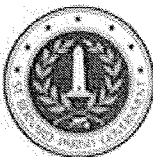
St. Bernard Parish Government

Office (504) 278-4224

Fax (504) 278-4484

kowens@sbsp.net

www.sbsp.net



From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]

Sent: Monday, March 21, 2016 12:49 PM

To: Kim Owens

Cc: Scott M. Smith; William M. McGoey

Subject: Re: Public Records Request Response (4 of 4)

Ms. Owens,

I hope this email finds you well. The court has a few questions concerning the Financial Statements for 2005, 2006, and 2007. I am hoping you can address them or direct me towards someone who can.

From the reports, the court has compiled the following information:

- 2005 Ad Valorem (Net Assets) = \$4,969,760 (at pg. 3); Ad Valorem (Statement of

Activities) = \$4,713,178 (at p. 5)

- 2006 Ad Valorem (Net Assets) = \$5,572,601 (at pg. 3); Ad Valorem (Statement of Activities) = \$10,635,155 (at p. 5)
- 2007 Ad Valorem (Net Assets) = \$11,535,489 (at pg. 12); Ad Valorem (Statement of Activities) = \$6,163,170 (at p. 14)

First, the numbers for 2007 appear to be transposed. Is there a typographical error or is that information correct?

Second, is St. Bernard Parish able to segregate out the "real property" tax numbers for the years identified above? If so, the court would like to request that St. Bernard Parish send the court that information.

Finally, the court will need to request an affidavit from someone in the St. Bernard Parish Government who can attest to the information provided (either pursuant to the request above regarding the segregated numbers or the Financial Statements we already have). Who might that individual be?

Judge Braden is looking to publish this decision in the coming days and would appreciate a response as soon as possible. If there are any questions, please feel free to contact me using the information below.

Thank you in advance,

Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----Kim Owens <kowens@sbsp.net> wrote: -----

To: "Erika_james@ao.uscourts.gov" <Erika_james@ao.uscourts.gov>
From: Kim Owens <kowens@sbsp.net>
Date: 12/22/2015 10:26AM
Cc: "Scott M. Smith" <smsmith@sbsp.net>, "William M. McGoey" <wmcgoey@sbsp.net>
Subject: Public Records Request Response (4 of 4)

Ms. James,

Attached are the 2007 financial statements for St. Bernard Parish Government per you request dated 12/15/15.

Thank You,

Kim Owens

Executive Assistant to the President

St. Bernard Parish Government

Office (504) 278-4280

Cell (504) 650-0395

kowens@sbsp.net



This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbsp.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in

error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee, you should not disseminate, distribute or copy this email. Please notify the sender immediately by email if you have received this email by mistake and delete this email from your system. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

St. Bernard Parish Government
8201 West Judge Perez Drive
Chalmette, Louisiana 70043 USA
www.sbpq.net

WARNING: Although St. Bernard Parish Government has taken reasonable precautions to ensure no viruses are present in this email, St. Bernard Parish Government cannot accept responsibility for any loss or damage arising from the use of this email or attachments.

Attachments:

real property assessments 2005-2007.pdf

TAXPAYER NAME & ADDRESS / PROPERTY DESCRIPTION

EXEMPTED TAX	TAXES DUE	TAX DISTRICT	MILLAGE	TOTAL
69,345.23	441,881.17	Assessment District	1.92	511,226.40
111,241.33	708,851.03	Garbage District	3.08	820,092.36
54,175.95	345,219.65	General Obligation B	1.50	399,395.60
22,753.88	144,992.26	Health District	.63	167,746.14
500,224.93	3,181,488.12	LBBLD	13.85	3,681,713.05
135,078.76	860,747.70	Library	3.74	995,826.46
44,424.28	281,756.52	Road Lighting	1.23	326,180.80
100,406.13	639,807.10	General Alimony	2.78	740,213.23
566,303.65	3,608,706.95	Law Enforcement Dist	15.68	4,175,010.60
132,189.38	842,335.97	Port Harbor & Termin	3.66	974,525.35
111,241.33	708,851.03	Road District	3.08	820,092.36
79,096.91	504,020.71	SBARD	2.19	583,117.62
34,311.43	218,639.13	Senior Citizen Cente	.95	252,950.56
1,715,525.01	10,931,988.16	School District	47.5012	12,647,513.17
222,908.99	1,298,326.37	Fire District #1	7.43	1,521,235.36
50,999.37	458,926.78	Fire District #2	8.35	509,926.15
.00	178.12	General Obligation B	1.50	178.12
.00	930.86	LBBLD-R.R. \$52.80 MI.	.00	930.86
.00	326.55	LBBLD Bonds	2.75	326.55
3,676,318.20	23,317,004.01	Parish Wide	101.7926	993,322.21
.00	64,357.38	Parish Wide w/o Ligh	100.56	64,357.38
.00	37,924.11	Parish Wide w/o Lit/	86.96	37,924.11
.00	1,484.36	School Board Bonds	12.50	1,484.36

PARISH TOTAL --- ASSESSMENT-266,382,520 EXEMPTION- 36,117,327 TAXABLE-230,265,193

NO. ASSESSMENTS 25,950 TOTAL ASSESSMENT LAND AND IMPROVEMENTS 87,471,257
 NO. WITH EXEM 13,000 TOTAL ASSESSMENTS OTHER 178,911,263
 NO. ACRES 250,662

100% H/E 12,417

TAXES COVERED BY HOMESTEAD EXEMPTION 3,950,226.56
 TAXES DUE FROM TAXPAYER 25,179,458.54

LTC Total 6,428.79

TAXPAYER NAME & ADDRESS / PROPERTY DESCRIPTION

EXEMPTED TAX	TAXES DUE	TAX DISTRICT	MILLAGE	TOTAL
107,294.25	424,817.62	Assessment District	1.92	532,111.87
172,117.87	681,478.33	Garbage District	3.08	853,596.20
111,764.85	442,518.39	General Obligation-B	2.00	554,283.24
35,205.90	139,393.28	Health District	.63	174,599.18
760,001.13	3,004,163.65	LBBLD	13.60	3,764,164.78
209,000.29	827,509.38	Library	3.74	1,036,509.67
68,735.38	270,922.39	Road Lighting	1.23	339,657.77
155,353.15	615,100.56	General Alimony	2.78	770,453.71
876,216.82	3,469,333.11	Law-Enforcement-Dist	15.68	4,345,549.93
204,529.68	809,808.67	Port Harbor & Termin	3.66	1,014,338.35
172,117.87	681,478.33	Road District	3.08	853,596.20
122,382.51	484,557.62	SBARD	2.19	606,940.13
53,088.29	210,196.21	Senior Citizen Cente	.95	263,284.50
2,738,180.17	10,841,667.26	School District	49.0013	13,579,847.43
361,855.46	1,261,237.94	Fire District #1	7.43	1,623,073.40
59,866.07	427,014.34	Fire District #2	8.35	486,880.41
.00	237.49	General Obligation-B	2.00	237.49
.00	930.86	LBBLD-R.R. \$52.80 MI.	.00	930.86
.00	296.87	LBBLD Bonds	2.50	296.87
5,785,988.16	22,805,896.01	Parish-Wide	103.5428	591,884.17
.00	64,686.50	Parish Wide w/o Ligh	102.31	64,686.50
.00	32,362.29	Parish Wide w/o Lit/	88.71	32,362.29
.00	1,662.48	School Board-Bonds	14.00	1,662.48

PARISH TOTAL ASSESSMENT-277,260,385-EXEMPTION-55,882,439 TAXABLE-221,377,946

NO. ASSESSMENTS 26,072 TOTAL ASSESSMENT LAND AND IMPROVEMENTS 102,525,465
 NO. WITH-EXEM 16,724 TOTAL ASSESSMENTS-OTHER 174,734,920
 NO. ACRES 257,776

100% H/E 16,220

TAXES COVERED BY HOMESTEAD EXEMPTION 6,207,709.69
 TAXES DUE FROM TAXPAYER 24,594,324.78

LTC Total 6,363.71

TAXPAYER NAME & ADDRESS / PROPERTY DESCRIPTION

EXEMPTED TAX	TAXES DUE	TAX DISTRICT	MILLAGE	TOTAL
116,980.39	413,100.33	Assessment District	1.92	530,080.72
662,681.76		Garbage District	3.08	850,337.82
121,854.59	430,312.82	General Obligation B	2.00	552,167.41
38,384.16	135,548.53	Health District	.63	173,932.69
813,379.52	2,868,631.55	LBBLD	13.35	3,682,011.07
227,868.09	804,684.99	Library	3.74	1,032,553.08
74,940.55	263,551.24	Road Lighting	1.23	338,491.79
169,377.87	598,134.84	General Alimony	2.78	767,512.71
955,317.54	3,373,642.82	Law Enforcement Dist	15.68	4,328,960.36
222,993.91	787,472.47	Port Harbor & Termin	3.66	1,010,466.38
187,656.06	662,681.76	Road District	3.08	850,337.82
133,430.76	471,192.55	SEARD	2.19	604,623.31
57,880.92	204,398.57	Senior Citizen Cente	.95	262,279.49
2,985,370.29	10,542,634.94	School District	49.0013	528,005.23
398,181.95	1,200,550.12	Fire District #1	7.43	1,598,731.47
61,157.71	444,994.31	Fire District #2	8.35	506,152.02
00	237.49	General Obligation B	2.00	237.49
00	930.86	LBBLD-R.R. #52.80 MI.	.00	930.86
00	267.18	LBBLD Bonds	2.25	267.18
6,293,090.71	22,131,835.94	Parish Wide	103.2928	424,926.05
00	62,203.51	Parish Wide w/o Light	102.06	62,203.51
00	24,630.32	Parish Wide w/o Lit/	88.71	24,630.32
00	1,662.48	School Board Bonds	14.00	1,662.48

PARISH TOTAL --- ASSESSMENT-276,302,475 EXEMPTION- 60,927,308 TAXABLE-215,275,167

NO. ASSESSMENTS 26,014
 NO. WITH EXEM 18,281
 NO. ACRES 257,794

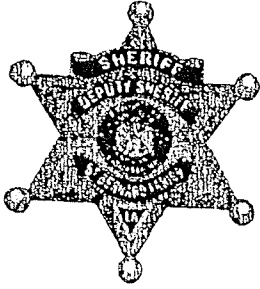
TOTAL ASSESSMENT LAND AND IMPROVEMENTS 102,277,434
 TOTAL ASSESSMENTS OTHER 173,925,041

100% H/E 17,852

TAXES COVERED BY HOMESTEAD EXEMPTION 6,752,429.77
 TAXES DUE FROM TAXPAYER 23,867,311.61

LTC Total 6,577.43

Court Exhibit J



St. Bernard Parish Sheriff's Office

Sheriff James J. Pohlmann

March 28, 2016

Judge Brayden
U.S. Court Federal Claims

Attention Erika James

Dear Honorable Brayden,

The information that was requested with regard to Taxes for St. Bernard Parish for the years 2005, 2006 and 2007 are as follows:

2005	\$23,200,000.00
2006	\$24,054,378.55
2007	\$25,055,113.47

If there is any more information you may desire please feel free to contact me
At 5040278-7600 or jlane@sbsso.org.

Sincerely,

A handwritten signature in cursive script that reads "Jo Ann C. Lane".

Jo Ann C. Lane
Civil Sheriff
Parish of St. Bernard

2 Courthouse square
Chalmette, LA 70043
504.271.2504

Court Exhibit K

From: "Walter J. O'Brien, Jr" <wjobrien@nola.gov>
To: "'Erika_James@ao.uscourts.gov'" <Erika_James@ao.uscourts.gov>

Date: Thursday, March 24, 2016 05:06PM
Subject: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

History: ✦ This message has been replied to.

Sorry for the delay -

From: Walter J. O'Brien, Jr
Sent: Thursday, March 24, 2016 4:03 PM
To: 'Erika'
Cc: Norman S. Foster; Beverly B. Gariepy; Julius M. Nunn; Roy A. Guercio, Jr; Charlene S. Rollins
Subject: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

A review of our property tax transaction data, focused on parcels in the Lower Ninth Ward (with the assessor's assistance), produced the following results.

Net payments for those three tax years are considering all transactions up to the current time.

Billed and Net Paid amounts include all taxes billed and collected by CNO for tax levying authorities in Orleans Parish (City of New Orleans).

Real Estate Taxes Billed:

2005	\$ 2,426,640.89
2006	\$ 857,046.78
2007	\$ 1,008,997.40

Net (of refunds) Real Estate Taxes Paid:

2005	\$ 2,020,953.93
------	-----------------

2006 \$ 686,981.67

2007 \$ 785,840.51

From: <Erika_James@ao.uscourts.gov>
Date: March 23, 2016 at 7:05:36 PM
GMT+2
To: "Norman S. Foster"
<nsfoster@nola.gov>
**Subject: Re: Request from the United
States Court of Federal Claims**

Good afternoon Mr. Foster,

Thank you again for working with us to
obtain the requested information. Do you
have a sense of timing on the turnaround?

Thanks,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----"Norman S. Foster"
<nsfoster@nola.gov> wrote: -----

To: "Erika_James@ao.uscourts.gov"
<Erika_James@ao.uscourts.gov>
From: "Norman S. Foster"
<nsfoster@nola.gov>
Date: 03/22/2016 06:18AM
Cc: "Beverly B. Gariepy"
<bbgariepy@nola.gov>, "Roy A. Guercio,
Jr" <raguercio@nola.gov>, "Charlene S.
Rollins" <csrollins@nola.gov>, "Julius M.
Nunn" <jmnunn@nola.gov>, "Walter J.
O'Brien, Jr" <wjobrien@nola.gov>
Subject: Re: Request from the United
States Court of Federal Claims

Dear Ms James:

Thank you for your note. I am in Egypt until March 30th but should be able to email back and forth.

I'm not quite sure which numbers you wish to have but please be aware that the CAFR reports property taxes in two ways. The city's General Fund (GF) receives part of the property taxes that the City collects on behalf of all the governmental entities in Orleans Parish (eg the GF gets property tax, but so does the School Board, SWB, Board of Liquidation, etc). So are you looking for ALL property taxes collected in the Parish, or just those for the City GF? Not all of such taxes are reported in the CAFR as the School Board, for example, is not part of the consolidated governments that the CAFR reports.

The numbers in the CAFR are for both real property and business personal property.

So do you wish to have

- City of New Orleans GF real property taxes only?, or some other groupings of Parish Govts?
- breakout of just the tax numbers in "Lower Ninth" ward? Do you have a specific definition of that area?

Let me know how this looks and we may be able to talk today or tomorrow if this email is not clear enough.

Norman

On Mar 21, 2016, at 12:10 PM, Erika_James@ao.uscourts.gov wrote:

Mr. Foster and Ms. Gariepy,

I hope this email finds you well. My name is Erika James and I serve as Law Clerk to the Honorable Susan G. Braden here at the United States Court of Federal Claims.

The court is in the process of publishing a decision that concerns the City of New Orleans, specifically, the Lower Ninth Ward. In doing so, we are relying on the city's public records, specifically, the "property tax" numbers located in the Financial Statements available at <http://www.nola.gov/accounting/#report>. From these reports, we have compiled the following information:

- ? 2005 Financial Statement at p. 6 and 16 - Property Tax = \$160,130,000
- ? 2006 Financial Statement at p. 6 and 15 - Property Tax = \$132,659,000
- ? 2007 Financial Statement at p. 8 and 16 - Property Tax = \$142,480,000 (**Page 8 of this report lists the 2006 property tax as

"\$127,659,000," even though this number is not reported in the 2006 report. Is there a specific reason for this discrepancy?)

The court's first inquiry concerns whether "property tax" only relates to "real property." If not, do you have numbers that reflect "real property taxes" collected for 2005, 2006 and 2007?

Second, because the property tax numbers in this report do not specifically concern the Lower Ninth Ward, the court would like to request to have the Lower Ninth Ward real property tax numbers segregated out of the general financial statement, so that we can include these numbers in the court's decision. After speaking with Ms. Rollins, it is my understanding that the Treasury Department may be able to do this.

Third, who from the New Orleans government can attest to the numbers listed in the Financial Statements (or, if the request above is deemed possible, who can attest to the segregated numbers)? It is my understanding that Mr. Foster would be the correct person, but please confirm. The court will need to request an affidavit from the individual identified.

Finally, Judge Braden would like to know whether the numbers can be segregated as soon as possible and would appreciate your immediate attention to this matter. If you have any questions, please feel free to contact me using the

information listed below.

Thank you in advance,
Erika

Erika James
Law Clerk to the Honorable
Susan G. Braden
United States Court of Federal
Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax:
202-357-6522
erika_james@ao.uscourts.gov

Court Exhibit L

From: "Walter J. O'Brien, Jr" <wjobrien@nola.gov>
To: "Erika_James@ao.uscourts.gov" <Erika_James@ao.uscourts.gov>
Cc: "Norman S. Foster" <nsfoster@nola.gov>, "Beverly B. Gariepy" <bbgariepy@nola.gov>, "Julius M. Nunn" <jmnunn@nola.gov>, "Roy A. Guercio, Jr" <raguercio@nola.gov>, "Charlene S. Rollins" <csrollins@nola.gov>

Date: Tuesday, March 29, 2016 01:28PM
Subject: RE: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

History: ✦ This message has been replied to.

That was the effect of reductions in assessment values, and taxes, recognized after the destruction from the flooding of August 29, 2005.

Mr. Foster will need to provide a thoughtful response to your other items.

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Tuesday, March 29, 2016 11:55 AM
To: Walter J. O'Brien, Jr
Cc: Norman S. Foster; Beverly B. Gariepy; Julius M. Nunn; Roy A. Guercio, Jr; Charlene S. Rollins
Subject: RE: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

Mr. O'Brien and Mr. Foster,

The court has a few follow-up questions regarding the information sent to us and would appreciate if your team could provide responses:

- Why was there a drop in real estate taxes billed from 2005 to 2006, i.e., why did the real estate taxes billed go from \$2,426,640.89 in 2005 down to \$857,046.78 in 2006?
- Can you also provide the growth rate for a 10-year period for real estate taxes billed prior to 2005? If not, in the alternative, can you please provide us with the Real Estate Taxes billed for 2003 and 2004?
- Finally, once the court completes its analysis, it will need someone from the New Orleans Government to sign-off on the information as valid in the form of an affidavit. Who will that person be?

Thank you in advance,

Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----"Walter J. O'Brien, Jr" <wjobrien@nola.gov> wrote: -----

To: "'Erika_James@ao.uscourts.gov'" <Erika_James@ao.uscourts.gov>
From: "Walter J. O'Brien, Jr" <wjobrien@nola.gov>
Date: 03/28/2016 11:45AM
Cc: "Norman S. Foster" <nsfoster@nola.gov>, "Beverly B. Gariepy" <bbgariepy@nola.gov>, "Julius M. Nunn" <jmnunn@nola.gov>, "Roy A. Guercio, Jr" <raguercio@nola.gov>, "Charlene S. Rollins" <cscrollins@nola.gov>
Subject: RE: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

You're welcome.

From: Erika_James@ao.uscourts.gov [mailto:Erika_James@ao.uscourts.gov]
Sent: Monday, March 28, 2016 10:06 AM
To: Walter J. O'Brien, Jr
Subject: Re: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

Thank you very much, Mr. O'Brien. Please also let Mr. Foster know that we at the court appreciate everyone's work on getting these numbers to us in a timely fashion.

Best,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax: 202-357-6522
erika_james@ao.uscourts.gov

-----"Walter J. O'Brien, Jr" <wjobrien@nola.gov> wrote: -----

To: "'Erika_James@ao.uscourts.gov'" <Erika_James@ao.uscourts.gov>
From: "Walter J. O'Brien, Jr" <wjobrien@nola.gov>

Date: 03/24/2016 05:06PM
Subject: FW: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

Sorry for the delay -

From: Walter J. O'Brien, Jr
Sent: Thursday, March 24, 2016 4:03 PM
To: 'Erika'
Cc: Norman S. Foster; Beverly B. Gariepy; Julius M. Nunn; Roy A. Guercio, Jr; Charlene S. Rollins
Subject: Request from the United States Court of Federal Claims _ Lower Ninth Ward - 2005-2006-2007

A review of our property tax transaction data, focused on parcels in the Lower Ninth Ward (with the assessor's assistance), produced the following results.

Net payments for those three tax years are considering all transactions up to the current time.

Billed and Net Paid amounts include all taxes billed and collected by CNO for tax levying authorities in Orleans Parish (City of New Orleans).

Real Estate Taxes Billed:

2005	\$ 2,426,640.89
2006	\$ 857,046.78
2007	\$ 1,008,997.40

Net (of refunds) Real Estate Taxes Paid:

2005	\$ 2,020,953.93
2006	\$ 686,981.67
2007	\$ 785,840.51

From: <Erika_James@ao.uscourts.gov>

Date: March 23, 2016 at 7:05:36 PM
GMT+2
To: "Norman S. Foster"
<nsfoster@nola.gov>
Subject: Re: Request from the United States Court of Federal Claims

Good afternoon Mr. Foster,

Thank you again for working with us to obtain the requested information. Do you have a sense of timing on the turnaround?

Thanks,
Erika

Erika James
Law Clerk to the Honorable Susan G. Braden
United States Court of Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax:
202-357-6522
erika_james@ao.uscourts.gov

-----"Norman S. Foster"
<nsfoster@nola.gov> wrote: -----

To: "[Erika James@ao.uscourts.gov](mailto:Erika_James@ao.uscourts.gov)"
<Erika_James@ao.uscourts.gov>
From: "Norman S. Foster"
<nsfoster@nola.gov>
Date: 03/22/2016 06:18AM
Cc: "Beverly B. Gariepy"
<bbgariepy@nola.gov>, "Roy A. Guercio, Jr"
<raguercio@nola.gov>, "Charlene S. Rollins"
<cscrollins@nola.gov>, "Julius M. Nunn"
<jmnunn@nola.gov>, "Walter J. O'Brien, Jr"
<wjobrien@nola.gov>
Subject: Re: Request from the United States Court of Federal Claims

Dear Ms James:

Thank you for your note. I am in Egypt until March 30th but should be able to email back and forth.

I'm not quite sure which numbers you wish to have but please be aware that the CAFR reports property taxes in two ways. The city's General Fund (GF) receives part of the property taxes that the City collects on behalf of all the governmental entities in Orleans Parish (eg the GF gets property tax, but so does the School Board, SWB, Board of Liquidation, etc). So are you looking for ALL property taxes collected in the Parish, or just those for the City GF? Not all of such taxes are reported in the CAFR as the School Board, for example, is not part of the consolidated governments that the CAFR reports.

The numbers in the CAFR are for both real property and business personal property.

So do you wish to have

- City of New Orleans GF real property taxes only?, or some other groupings of Parish Govts?

- breakout of just the tax numbers in "Lower Ninth" ward? Do you have a specific definition of that area?

Let me know how this looks and we may be able to talk today or tomorrow if this email is not clear enough.

Norman

On Mar 21, 2016, at 12:10 PM, Erika_James@ao.uscourts.gov wrote:

Mr. Foster and Ms. Gariepy,

I hope this email finds you well. My name is Erika James and I serve as Law Clerk to the Honorable Susan G. Braden here at the United States Court of Federal Claims.

The court is in the process of publishing a decision that concerns the City of New Orleans, specifically, the Lower Ninth Ward. In doing so, we are relying on the city's public records, specifically, the "property tax" numbers located in the Financial Statements available at <http://www.nola.gov/accounting/#report>. From these reports, we have compiled the following information:

- ? 2005 Financial Statement at p. 6 and 16 - Property Tax = \$160,130,000
- ? 2006 Financial Statement at p. 6 and 15 - Property Tax = \$132,659,000
- ? 2007 Financial Statement at p. 8 and 16 - Property Tax = \$142,480,000
(**Page 8 of this report lists the 2006 property tax as "\$127,659,000," even though this number is not reported in the

2006 report. Is there a specific reason for this discrepancy?)

The court's first inquiry concerns whether "property tax" only relates to "real property." If not, do you have numbers that reflect "real property taxes" collected for 2005, 2006 and 2007?

Second, because the property tax numbers in this report do not specifically concern the Lower Ninth Ward, the court would like to request to have the Lower Ninth Ward real property tax numbers segregated out of the general financial statement, so that we can include these numbers in the court's decision. After speaking with Ms. Rollins, it is my understanding that the Treasury Department may be able to do this.

Third, who from the New Orleans government can attest to the numbers listed in the Financial Statements (or, if the request above is deemed possible, who can attest to the segregated numbers)? It is my understanding that Mr. Foster would be the correct person, but please confirm. The court will need to request an affidavit from the individual identified.

Finally, Judge Braden would like to know whether the numbers can be segregated as soon as possible and would appreciate your immediate attention to this matter. If you have any questions, please feel free to contact me

using the information listed
below.

Thank you in advance,
Erika

Erika James
Law Clerk to the Honorable
Susan G. Braden
United States Court of
Federal Claims
717 Madison Place, N.W.
Washington, D.C. 20439
Phone: 202-357-6519, Fax:
202-357-6522
erika_james@ao.uscourts.gov