

**ST. BERNARD PARISH GOVERNMENT**

**STATE OF LOUISIANA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2011**

**ERICKSEN KRENTEL & LAPORTE<sub>L.L.P.</sub>**

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

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## **FINANCIAL SECTION**

# 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

JAMES E. LA PORTE\*  
KEVIN M. NEYREY  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD†  
JAMES E. TONGLET†

\*PROFESSIONAL CORPORATION  
†LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - DECEASED  
J.V. LECLERE KRENTEL - DECEASED

## INDEPENDENT AUDITORS' 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 aggregate 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, 2011, which collectively comprise the Parish's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Parish'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 unit, the St. Bernard Parish Home Mortgage Authority. The St. Bernard Parish Home Mortgage Authority'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 the Parish's basic financial statements for the St. Bernard Home Mortgage Authority, 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 and guide 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 the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, 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 unit, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of December 31, 2011, 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 30, 2012, on our consideration of the Parish'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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 52 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**ERICKSEN KRENTEL & LAPORTE L.L.P.**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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St. Bernard Parish Council  
June 30, 2012  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parish's financial statements as a whole. The combining nonmajor governmental and enterprise fund and internal service fund financial statements and the other supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. 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 also not a required part of the financial statements. The combining non-major and internal service fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

June 30, 2012

*Erickson, Krentel + LaPorte, LLP*

Certified Public Accountants

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2011**

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, 2011. 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**

- Sales Taxes in governmental activities were \$15,901,969 as of December 31, 2011, a decrease of \$3,108,270 from 2010. The 17% decrease in Sales Tax revenues is a reflection of the completion of services associated with of the BP oil spill response. The government will be required to adjust expenses in 2012 and following years to reflect the substantial decrease in sales taxes.
- The 2011 financial statements indicate that the Parish Government continues the reconstruction process associated with recovering from Hurricane Katrina. Total expenses for the primary government were approximately \$118,826,158 in 2011, an increase of \$597,192 from 2010.
- The assets of the Parish exceeded its liabilities at the close of the most recent fiscal year by \$516,275,074 (net assets). Of this amount, \$11,233,857 (unassigned) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$174,228,217 for the period ending December 31, 2011, as the government continued permanent phase of recovery from Hurricane Katrina and is focused on infrastructure repair and rebuilding permanent facilities.
- As of the close of the current fiscal year, the Parish's governmental funds reported combined ending fund balances of \$47,686,635. The General Fund has \$8,223,388 of unassigned, undesignated fund balance that is *available for spending* at the government's discretion. The fund balance in General Fund remained approximately the same compared to 2010 due to the consolidation of previous Special Revenue Funds. However, it is noted that several key fund balances were drawn down significantly in 2011 to meet operation shortfalls associated with the decline in sales taxes.
- The Parish has an accounts payable balance at December 31, 2011 in Governmental Activities of \$57,293,825, which is an increase of \$1,298,079 from the prior year. The increase is a reflection of the magnitude of permanent repairs being completed in the fiscal year. The majority of the accounts payable, \$48,302,772 is attributed to the permanent phase of recovery from Hurricane Katrina.
- The Parish's total outstanding long-term debt in all funds is \$54,527,460 and includes the \$50,000,000 of Sales Tax Bonds, Series 2004 issued by the Water & Sewer Division in 2003. The outstanding amount also includes a Community Disaster Loan for 2009 in the total of \$5,000,000.
- The 2011 financial statements comply with the accounting standards set forth in GASB Statement No.54 – *Fund Balance Reporting and Government Fund Type Definitions* and reflect the combining of certain funds that were previously recorded in Special Revenue Funds into the General Fund.

**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.



**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2011**

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.

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 11-13 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 several 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, CDBG Disaster Fund, and Disaster Recovery, all of which are considered to be major funds. Data from the other 26 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major 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 14-17 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.

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2011

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 18-22 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 23-51.

**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 52-55 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 56-83 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 \$516,275,074 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 138,967,646	\$ 115,482,650	\$ 27,738,115	\$ 27,616,515	\$ 166,705,761	\$ 143,099,165
Capital assets	<u>354,598,502</u>	<u>211,346,057</u>	<u>156,230,646</u>	<u>135,141,591</u>	<u>510,829,148</u>	<u>346,487,648</u>
Total assets	<u>493,566,148</u>	<u>326,828,707</u>	<u>183,968,761</u>	<u>162,758,106</u>	<u>677,534,909</u>	<u>489,586,813</u>
Long-term liabilities outstanding	8,448,128	8,715,231	40,868,009	43,722,685	49,316,137	52,437,916
Other liabilities	<u>93,805,472</u>	<u>74,544,016</u>	<u>18,138,226</u>	<u>20,558,024</u>	<u>111,943,698</u>	<u>95,102,040</u>
Total liabilities	<u>102,253,600</u>	<u>83,259,247</u>	<u>59,006,235</u>	<u>64,280,709</u>	<u>161,259,835</u>	<u>147,539,956</u>
Net assets:						
Invested in capital assets, net of related debt	354,598,502	211,346,057	112,542,637	88,588,906	467,141,139	299,934,963
Restricted	28,858,978	160,407	9,041,100	7,318,014	37,900,078	7,478,421
Unrestricted	<u>7,855,068</u>	<u>32,062,996</u>	<u>3,378,789</u>	<u>2,570,477</u>	<u>11,233,857</u>	<u>34,633,473</u>
Total net assets	<u>\$ 391,312,548</u>	<u>\$243,569,460</u>	<u>\$124,962,526</u>	<u>\$ 98,477,397</u>	<u>\$516,275,074</u>	<u>\$342,046,857</u>

A portion of the Parish's net assets (90.5 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, 2011**

An additional portion of the Parish's net assets (7.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$11,233,857 may be used to meet government's ongoing obligations to citizens and creditors.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,774,785	\$ 6,593,177	\$ 5,977,404	\$ 5,238,160	\$ 10,752,189	\$ 11,831,337
Operating grants and contributions	192,434,018	136,356,968	6,917,743	602,925	199,351,761	136,959,893
Capital grants and contributions	52,848,455	9,993,697	-	-	52,848,455	9,993,697
General revenues:						
Ad valorem taxes	7,652,880	7,611,730	-	-	7,652,880	7,611,730
Sales taxes	15,901,969	19,010,239	3,774,778	4,591,379	19,676,747	23,601,618
Other taxes	1,333,600	1,269,248	-	-	1,333,600	1,269,248
Unrestricted grants and investment earnings	2,816,336	3,030,683	706	204,672	2,817,042	3,235,355
Loss on Disposal of Assets	(6,215,108)	(3,741,297)	-	-	(6,215,108)	(3,741,297)
Forgiveness of CD Loans	-	19,820,654	-	-	-	19,820,654
Other general revenues	<u>4,479,623</u>	<u>4,836,771</u>	<u>357,186</u>	<u>123,575</u>	<u>4,836,809</u>	<u>4,960,346</u>
Total revenues	<u>276,026,558</u>	<u>204,781,870</u>	<u>17,027,817</u>	<u>10,760,711</u>	<u>293,054,375</u>	<u>215,542,581</u>
Program expenses:						
General government	72,500,778	55,799,507	-	-	72,500,778	55,799,507
Public safety	8,025,968	14,724,975	-	-	8,025,968	14,724,975
Public works	17,987,950	16,780,112	-	-	17,987,950	16,780,112
Culture and recreation	2,046,703	16,486,993	-	-	2,046,703	16,486,993
Health and welfare	6,943,880	1,525,528	-	-	6,943,880	1,525,528
Interest on long-term debt	256,336	794,589	2,040,501	2,327,328	2,296,837	3,121,917
Water and sewer	<u>-</u>	<u>-</u>	<u>9,024,042</u>	<u>9,789,934</u>	<u>9,024,042</u>	<u>9,789,934</u>
Total expenses	<u>107,761,615</u>	<u>106,111,704</u>	<u>11,064,543</u>	<u>12,117,262</u>	<u>118,826,158</u>	<u>118,228,966</u>
Net (expense) revenue before transfers	168,264,943	98,670,166	5,963,274	(1,356,551)	174,228,217	97,313,615
Transfers In (Out)	<u>(20,521,855)</u>	<u>(10,316,534)</u>	<u>20,521,855</u>	<u>10,316,534</u>	<u>-</u>	<u>-</u>
Change in Net Assets	147,743,088	88,353,632	26,485,129	8,959,983	174,228,217	97,313,615
Net Assets – beginning	<u>243,569,460</u>	<u>155,215,828</u>	<u>98,477,397</u>	<u>89,517,414</u>	<u>342,046,857</u>	<u>244,733,242</u>
Net Assets – ending	<u>\$391,312,548</u>	<u>\$243,569,460</u>	<u>\$124,962,526</u>	<u>\$98,477,397</u>	<u>\$516,275,074</u>	<u>\$342,046,857</u>

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2011**

**Governmental activities.** Governmental activities increased the St. Bernard Parish Governments net assets by \$168,264,943. Business type activities for the government increased by \$5,963,274 and resulted in a net increase of assets \$174,228,217.

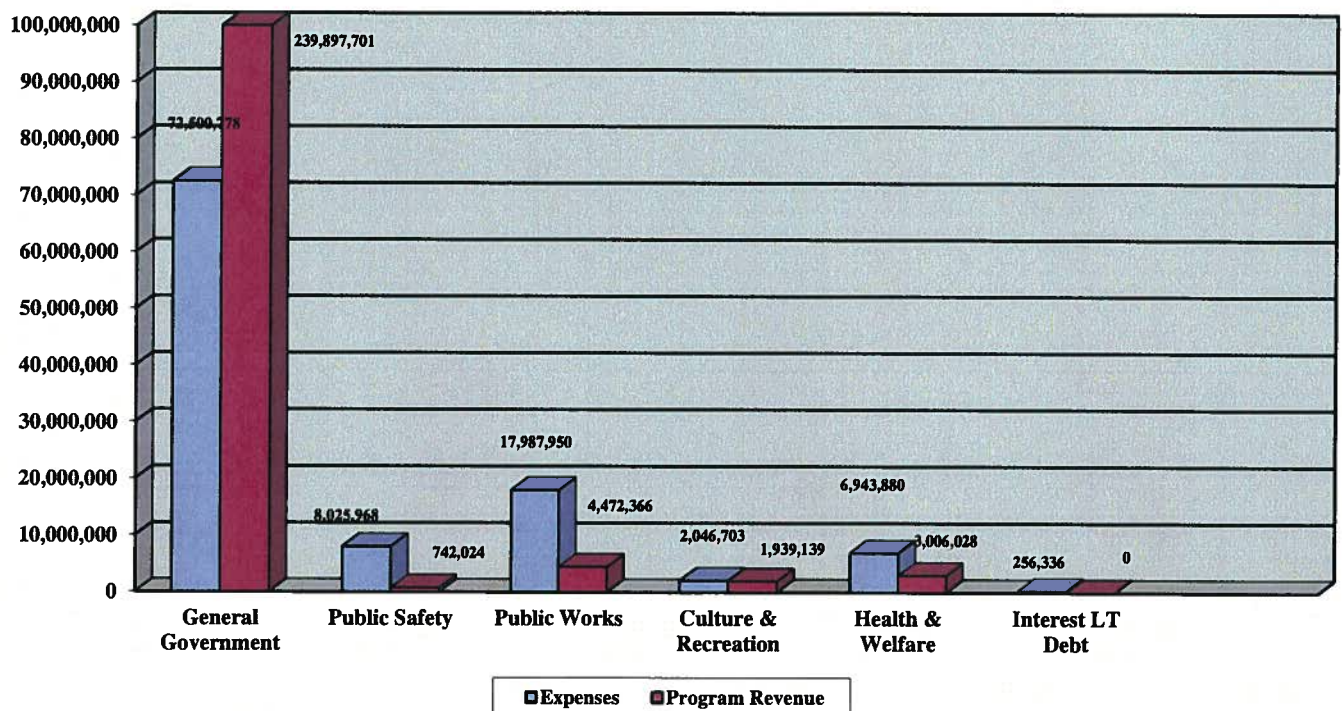
Key elements of this increase are as follows:

- Governmental administration continued the capital improvements plan related to rebuilding after Hurricane Katrina
- Repairs & maintenance for buildings, equipment and roads were supported by federal revenues.

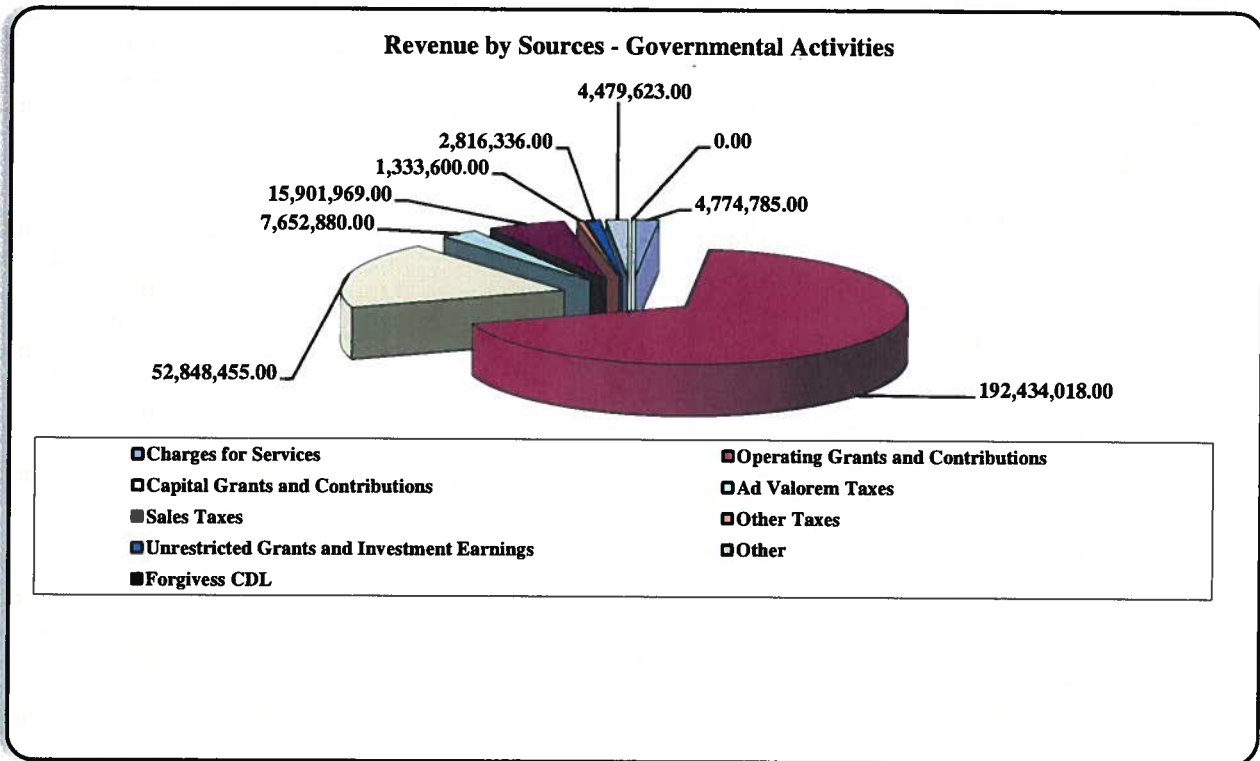
**Budgetary Statements**

- The Parish Council reviews the budgets monthly but amends the budget once during the course of the fiscal year, usually during the month of October. The budget amendment presented in October 2011 attempted to address forecasted shortfalls in General Fund Revenues, primarily sales tax. The Parish relies on sales tax information from the Sheriff's Department that is two months in arrears with no detail, making accurate forecasting virtually impossible. The federal grant proceeds forecast used in the budget amendment was developed by third-party administrators and proved to be inaccurate.

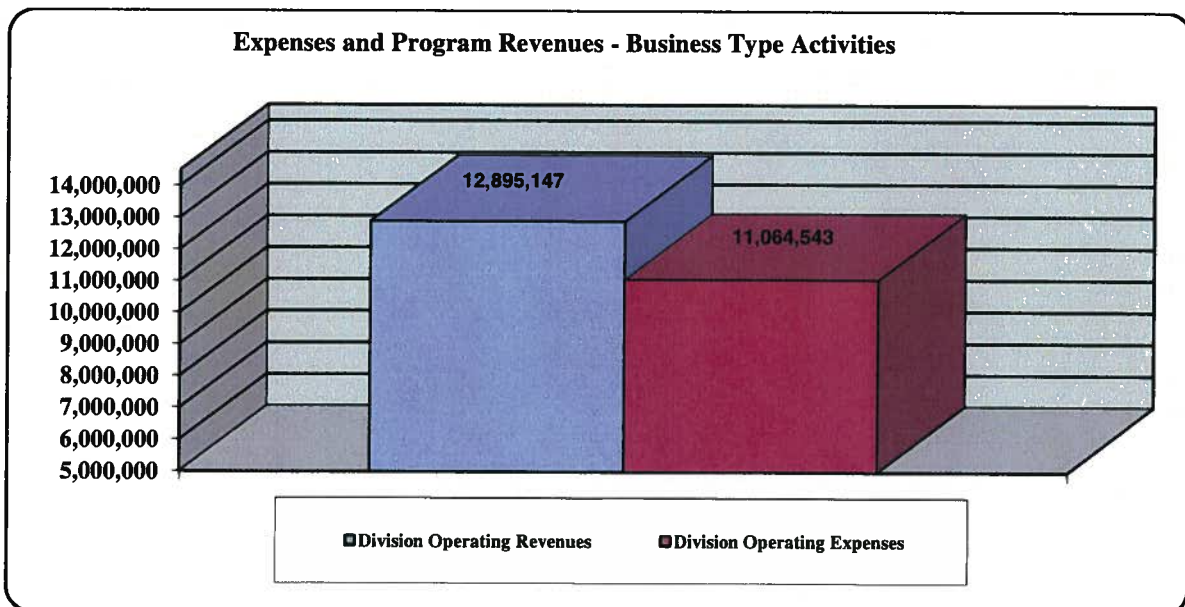
**Expenses and Program Revenues by Governmental Activities**



**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2011

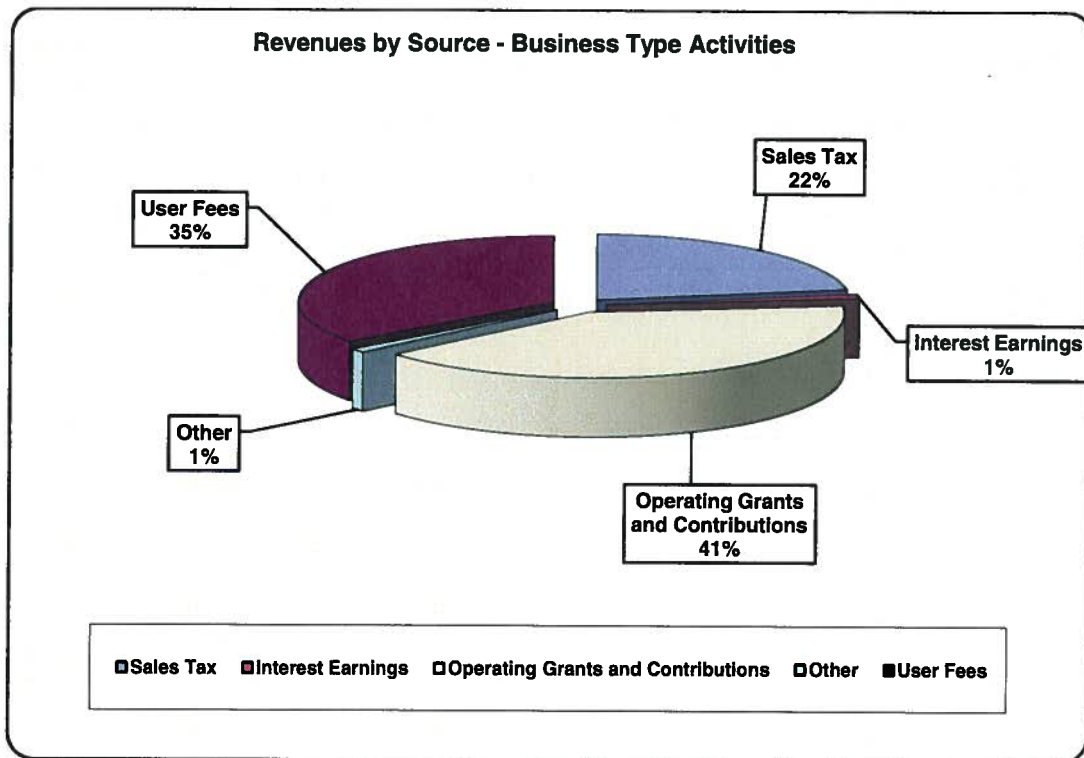


**Business-type activities.** Business-type activities increased the St. Bernard Parish Government's net assets by \$5,963,274. The increase in the business-type activities net assets was attributable to the increase in operating revenues resulting from Hurricane Katrina rebuilding.





**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2011**



Key elements of this increase are as follows:

- Increase in Water and Sewer operation expenses related to services and capital projects.
- Recovery projects associated with reconstruction

#### **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 \$47,686,635 an increase of \$4,458,447 in comparison with the prior year. The increase in fund balance is related to the amount of monies received from federal funding for hurricane reconstruction projects. Approximately seventeen percent of this total amount, \$8,223,617 constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the Parish. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,223,388 while the total fund balance reached \$8,553,658. 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.

The General Fund balance for the government increased by \$222,436 during the current fiscal year. The major factors in fund balance remained approximately the same as prior year.

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

Unrestricted net assets of the Water and Sewer Division and the Districts at the end of the year amounted to \$3,378,789.

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2011

**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, 2011, amounts to \$510,829,148 (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:

- Reconstruction projects from Hurricane Katrina.
- Permanent repairs to facilities.

Additional information on the St. Bernard Parish Government's capital assets can be found in note 7 on pages 37-38 of this report.

**Long-term debt.** At the end of the current fiscal year, the Parish had total debt outstanding of \$54,527,460. Of this amount, \$6,645,172 comprises debt backed by the full faith and credit of the government. The remainder of the Parish's debt \$47,882,288 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**St. Bernard Parish Government**  
**Table 3**  
**St. Bernard Parish Government – Outstanding Debt**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Sales tax bonds	\$ 3,750,000	\$ 4,010,000	\$ 44,132,288	\$ 46,905,980	\$ 47,882,288	\$ 50,915,980
Revenue bonds	-	-	-	130,000	-	130,000
Community Disaster Loans	5,000,000	5,000,000	-	-	5,000,000	5,000,000
Compensated Absences	<u>1,436,043</u>	<u>1,416,688</u>	<u>209,129</u>	<u>196,727</u>	<u>1,645,172</u>	<u>1,613,415</u>
Total	<u>\$ 10,186,043</u>	<u>\$ 10,426,688</u>	<u>\$ 44,341,417</u>	<u>\$ 47,232,707</u>	<u>\$ 54,527,460</u>	<u>\$ 57,659,395</u>

The St. Bernard Parish Government's total long-term debt decreased \$3,131,935 during the current fiscal year. The amount of decrease 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 8 on pages 38-41 of this report.

**Economic Issues/Upcoming Yearly Budgets**

The Parish Administration and Council are currently revising revenue projections and expenditures for the remainder of 2012. It is anticipated that revenue will remain flat and not exceed 2011 actuals as the Parish completes many recovery projects and the local economy returns to a more normal equilibrium. The revisions may take the form of reduced revenue projections, reduced expenditures and increased fees for services.

**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, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Home Mortgage Authority
<b><u>ASSETS:</u></b>				
Cash and cash equivalents	\$ 39,546,861	\$ 3,216,817	\$ 42,763,678	\$ 223,566
Investments	6,269,601	-	6,269,601	4,476,209
Receivables (net of allowances for uncollectibles)				
Sales taxes	3,617,385	-	3,617,385	-
Ad valorem taxes	7,265,438	-	7,265,438	-
Cable franchise fees	93,471	-	93,471	-
Customer	-	613,393	613,393	-
Intergovernmental	64,393,678	185,654	64,579,332	-
Other	6,307,491	-	6,307,491	19,973
Unbilled charges	-	371,876	371,876	-
Due from other funds	10,914,807	13,938,971	24,853,778	-
Prepays	547,675	45,283	592,958	-
Inventory	-	294,141	294,141	-
Restricted assets - cash and cash equivalents	-	8,533,877	8,533,877	28,890
Restricted assets - receivables	-	538,103	538,103	-
Other assets	11,239	-	11,239	50,189
Capital assets (net of accumulated depreciation)	354,598,502	156,230,646	510,829,148	-
<b>Total assets</b>	<b>493,566,148</b>	<b>183,968,761</b>	<b>677,534,909</b>	<b>4,798,827</b>
<b><u>LIABILITIES:</u></b>				
Accounts payable	57,293,825	2,047,822	59,341,647	62,698
Claims payable	2,222,757	117,621	2,340,378	-
Retainage payable	12,693,962	-	12,693,962	-
Salaries and payroll deductions payable	1,183,263	194,605	1,377,868	-
Payable from restricted assets	-	1,179,365	1,179,365	-
Due to other funds	13,938,971	10,914,807	24,853,778	-
Deferred revenues	3,168,978	-	3,168,978	28,890
Accrued interest payable	285,325	654,877	940,202	19,255
Non-current liabilities:				
Due within one year	270,000	2,820,000	3,090,000	60,000
Due in more than one year	8,448,128	40,868,009	49,316,137	4,194,892
Compensated absences	1,436,043	209,129	1,645,172	-
Other post-employment benefits	1,312,348	-	1,312,348	-
<b>Total liabilities</b>	<b>102,253,600</b>	<b>59,006,235</b>	<b>161,259,835</b>	<b>4,365,735</b>
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	354,598,502	112,542,637	467,141,139	-
Restricted for:				
Capital projects	684,791	-	684,791	-
Debt service	712,243	5,728,145	6,440,388	-
Other purposes	27,461,944	3,312,955	30,774,899	-
Unrestricted	7,855,068	3,378,789	11,233,857	433,092
<b>Total net assets</b>	<b>\$ 391,312,548</b>	<b>\$ 124,962,526</b>	<b>\$ 516,275,074</b>	<b>\$ 433,092</b>

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, 2011**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government:				
Judicial	\$ 1,255,100	\$ 380,620	\$ -	\$ -
Other general government	71,245,678	3,568,171	185,317,837	50,631,073
Public safety	8,025,968	37,315	704,709	-
Public works	17,987,950	145,278	2,465,978	1,861,110
Cultural and recreation	2,046,703	170,586	1,412,281	356,272
Health and welfare	6,943,880	472,815	2,533,213	-
Interest on long-term debt	256,336	-	-	-
Total governmental activities	<u>107,761,615</u>	<u>4,774,785</u>	<u>192,434,018</u>	<u>52,848,455</u>
Business-type activities:				
Water and sewer	9,024,042	5,977,404	6,917,743	-
Interest on long-term debt	2,040,501	-	-	-
Total business-type activities	<u>11,064,543</u>	<u>5,977,404</u>	<u>6,917,743</u>	<u>-</u>
Total primary government	<u>\$ 118,826,158</u>	<u>\$ 10,752,189</u>	<u>\$ 199,351,761</u>	<u>\$ 52,848,455</u>
<b>Component unit:</b>				
Home Mortgage Authority	<u>300,731</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total component units	<u>\$ 300,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

**Taxes:**

Property

Sales

Severance

E telephone

Other

Grants and contributions not restricted to specific programs

Investment earnings

Loss on disposal of fixed assets

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

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Home Mortgage Authority</b>
\$ (874,480)	\$ -	\$ (874,480)	\$ -
168,271,403	-	168,271,403	-
(7,283,944)	-	(7,283,944)	-
(13,515,584)	-	(13,515,584)	-
(107,564)	-	(107,564)	-
(3,937,852)	-	(3,937,852)	-
(256,336)	-	(256,336)	-
142,295,643	-	142,295,643	-
-	3,871,105	3,871,105	-
-	(2,040,501)	(2,040,501)	-
-	1,830,604	1,830,604	-
<u>\$ 142,295,643</u>	<u>\$ 1,830,604</u>	<u>\$ 144,126,247</u>	<u>\$ -</u>
-	-	-	(300,731)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (300,731)</u>
\$ 7,652,880	\$ -	\$ 7,652,880	\$ -
15,901,969	3,774,778	19,676,747	-
922,529	-	922,529	-
359,703	-	359,703	-
51,368	-	51,368	-
2,731,844	-	2,731,844	-
84,492	706	85,198	336,993
(6,215,108)	-	(6,215,108)	-
4,479,623	357,186	4,836,809	264,365
25,969,300	4,132,670	30,101,970	601,358
168,264,943	5,963,274	174,228,217	300,627
(20,521,855)	20,521,855	-	-
147,743,088	26,485,129	174,228,217	300,627
243,569,460	98,477,397	342,046,857	132,465
<u>\$ 391,312,548</u>	<u>\$ 124,962,526</u>	<u>\$ 516,275,074</u>	<u>\$ 433,092</u>

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

## ST. BERNARD PARISH GOVERNMENT

BALANCE SHEET  
GOVERNMENTAL FUNDS

DECEMBER 31, 2011

	General	CDBG Disaster	Disaster Recovery	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 862,294	\$ 992,643	\$ 14,320,144	\$ 21,548,470	\$ 37,723,551
Investments	-	-	-	5,410,491	5,410,491
Receivables (net of allowances for uncollectibles)					
Sales taxes	2,904,237	-	-	713,148	3,617,385
Ad valorem taxes	801,013	-	-	6,464,425	7,265,438
Cable franchise fees	93,471	-	-	-	93,471
Intergovernmental	386,500	-	62,024,043	1,983,135	64,393,678
Other	226,524	5,241,423	107,769	730,370	6,306,086
Due from other funds	9,024,651	-	9,603,803	5,627,196	24,255,650
Prepays	80,342	-	-	121,171	201,513
Other assets	11,239	-	-	-	11,239
Total assets	<u>\$ 14,390,271</u>	<u>\$ 6,234,066</u>	<u>\$ 86,055,759</u>	<u>\$ 42,598,406</u>	<u>\$ 149,278,502</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ 970,901	\$ 4,223,681	\$ 48,302,772	3,481,526	\$ 56,978,880
Retainage payable	58,875	757,913	11,800,409	76,765	12,693,962
Salaries and payroll deductions payable	480,749	-	-	702,575	1,183,324
Due to other funds	4,145,083	1,307,647	16,061,278	6,052,715	27,566,723
Deferred revenues	181,005	-	-	2,987,973	3,168,978
Total liabilities	<u>5,836,613</u>	<u>6,289,241</u>	<u>76,164,459</u>	<u>13,301,554</u>	<u>101,591,867</u>
Fund balances:					
Nonspendable:					
Prepaid items	80,342	-	-	121,171	201,513
Restricted for:					
Mortgage refunding	91,185	-	-	-	91,185
Debt service	39,520	-	-	672,723	712,243
Federal programs	(127,466)	(55,175)	9,891,300	4,228,097	13,936,756
Council on Aging	-	-	-	540,290	540,290
Road lighting	-	-	-	16,796	16,796
Health	-	-	-	1,205,365	1,205,365
Communications	-	-	-	226,796	226,796
Capital outlay	-	-	-	684,791	684,791
Library	158,106	-	-	11,286,650	11,444,756
Committed to:					
Wellness programs	-	-	-	154,989	154,989
Public safety	-	-	-	53,774	53,774
Capital outlay	3,944	-	-	2,869,673	2,873,617
Assigned to:					
Public improvements, facilities, and equipment	-	-	-	261,935	261,935
Public safety	-	-	-	362,285	362,285
Court operations	18,044	-	-	172,547	190,591
Community development	66,595	-	-	-	66,595
Recreation	-	-	-	1,176,739	1,176,739
Recovery	-	-	-	5,408,509	5,408,509
Sanitation	-	-	-	(146,507)	(146,507)
Unassigned	8,223,388	-	-	229	8,223,617
Total fund balances	<u>8,553,658</u>	<u>(55,175)</u>	<u>9,891,300</u>	<u>29,296,852</u>	<u>47,686,635</u>
Total liabilities and fund balances	<u>\$ 14,390,271</u>	<u>\$ 6,234,066</u>	<u>\$ 86,055,759</u>	<u>\$ 42,598,406</u>	<u>\$ 149,278,502</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, 2011**

Total fund balances at December 31, 2011 - Governmental Funds \$ 47,686,635

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	387,310,412	
Less accumulated depreciation	<u>(32,711,910)</u>	354,598,502

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Sales tax bonds payable, net of deferred issuance costs	3,718,128	
Community Disaster Loan	5,000,000	
Accrued interest payable	285,325	
Compensated absences	<u>1,436,043</u>	(10,439,496)

The liability for other post-employment benefits is an actuarial calculation of future obligations related to retiree health insurance benefits, and is not due and payable in the current period, and, therefore, is not reported in the governmental funds.

(1,312,348)

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.

779,255

Net assets of governmental activities at December 31, 2011 \$ 391,312,548

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>CDBG Disaster</u>	<u>Disaster Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES:</u></b>					
Taxes:					
Ad valorem	\$ 987,400	\$ -	\$ -	\$ 6,665,480	\$ 7,652,880
Sales and use	11,926,477	-	-	3,975,492	15,901,969
Other taxes, penalties, interest, etc.	990,610	-	-	414,336	1,404,946
Licenses and permits	1,328,111	-	-	3,040	1,331,151
Intergovernmental:					
Federal grants	2,374,101	50,009,919	180,648,310	13,336,680	246,369,010
State funds:					
Parish transportation funds	-	-	-	85,179	85,179
State revenue sharing (net)	2,767	-	-	15,540	18,307
Other	136,043	-	267,637	3,843,875	4,247,555
Fees, charges, and commissions for services	1,283,459	-	-	440,899	1,724,358
Fines and forfeitures	(35)	-	-	349,255	349,220
Use of money and property	3,735	-	-	67,489	71,224
Public grants	-	-	-	30,000	30,000
Other revenues	1,178,111	5,631	-	415,336	1,599,078
Total revenues	<u>20,210,779</u>	<u>50,015,550</u>	<u>180,915,947</u>	<u>29,642,601</u>	<u>280,784,877</u>
<b><u>EXPENDITURES:</u></b>					
Current:					
General government:					
Judicial	1,135,950	-	-	119,150	1,255,100
Other general government	12,989,523	37,238,389	14,738,424	4,684,951	69,651,287
Public safety	-	-	-	8,025,968	8,025,968
Public works	-	-	-	11,579,754	11,579,754
Cultural and recreation	-	-	-	2,046,703	2,046,703
Health and welfare	25,474	-	-	6,918,406	6,943,880
Debt service:					
Principal	-	-	-	260,000	260,000
Interest and service charges	-	-	-	166,134	166,134
Capital expenditures:					
Capital outlay	1,129,262	5,702,252	146,814,478	2,229,757	155,875,749
Total expenditures	<u>15,280,209</u>	<u>42,940,641</u>	<u>161,552,902</u>	<u>36,030,823</u>	<u>255,804,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,930,570</u>	<u>7,074,909</u>	<u>19,363,045</u>	<u>(6,388,222)</u>	<u>24,980,302</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Transfers in	539,979	-	-	6,054,656	6,594,635
Transfers out	(6,029,656)	(7,140,159)	(13,699,500)	(247,175)	(27,116,490)
Total other financing sources (uses)	<u>(5,489,677)</u>	<u>(7,140,159)</u>	<u>(13,699,500)</u>	<u>5,807,481</u>	<u>(20,521,855)</u>
Net change in fund balances	(559,107)	(65,250)	5,663,545	(580,741)	4,458,447
Fund balances - beginning	<u>9,112,765</u>	<u>10,075</u>	<u>4,227,755</u>	<u>29,877,593</u>	<u>43,228,188</u>
Fund balances - ending	<u>\$ 8,553,658</u>	<u>\$ (55,175)</u>	<u>\$ 9,891,300</u>	<u>\$ 29,296,852</u>	<u>\$ 47,686,635</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, 2011**

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

Net change in fund balances - total governmental funds	\$ 4,458,447
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and the loss on disposal of fixed assets in the current period.	143,252,445
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.	260,000
Interest on long-term debt accrued but not paid during the year is not recognized as an expenditure in the governmental funds.	(90,202)
The change in the liability for other post-employment benefits is an actuarial calculation of future obligations related to retiree health insurance benefits, and is not due and payable in the current period, and, therefore, is not reported in the governmental funds.	(166,285)
The change in compensated absences is not recorded as an expenditure in the governmental funds.	(19,355)
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>48,038</u>
Change in net assets of governmental activities	<u>\$ 147,743,088</u>

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b><u>ASSETS:</u></b>				
Current assets:				
Cash and cash equivalents	\$ 3,007,580	\$ -	\$ 3,007,580	\$ 2,032,547
Investments	-	-	-	859,110
Customer receivables (net of allowance for doubtful accounts of \$283,060)	613,393	-	613,393	1,405
Unbilled charges	371,876	-	371,876	-
Grant receivables	185,654	-	185,654	-
Due from other funds	12,966,232	-	12,966,232	1,259,648
Prepays	45,283	-	45,283	346,162
Inventory	294,141	-	294,141	-
Restricted assets:				
Cash and cash equivalents:				
Revenue bond debt service account	2,598,635	-	2,598,635	-
Capital renewal and replacement and system improvements accounts	374,346	-	374,346	-
Sales tax bond debt service reserve	980,664	-	980,664	-
Sales tax bond debt service account	1,795,681	-	1,795,681	-
Construction fund	1,594,327	-	1,594,327	-
Inflow and infiltration	541,721	-	541,721	-
Other debt service accounts	-	353,165	353,165	-
Customer meter deposits	295,338	-	295,338	-
Sales tax receivable	538,103	-	538,103	-
Total restricted assets	8,718,815	353,165	9,071,980	-
Total current assets	26,202,974	353,165	26,556,139	4,498,872
Capital assets (net of accumulated depreciation)	156,230,646	-	156,230,646	-
Total assets	<u>\$ 182,433,620</u>	<u>\$ 353,165</u>	<u>\$ 182,786,785</u>	<u>\$ 4,498,872</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water and Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b><u>LIABILITIES:</u></b>				
Current liabilities:				
Accounts payable	\$ 2,047,320	\$ -	\$ 2,047,320	\$ 315,447
Self insurance claims payable	-	-	-	2,340,378
Salaries payable	194,605	-	194,605	(61)
Retainage payable	-	-	-	-
Due to other funds	10,653,515	-	10,653,515	261,292
Total current liabilities	12,895,440	-	12,895,440	2,917,056
Current liabilities payable from restricted assets:				
Bonds payable, net of unamortized debt expense	2,820,000	-	2,820,000	-
Accrued vacation leave	209,129	-	209,129	-
Accrued interest payable	654,877	-	654,877	-
Customer deposits	1,179,365	-	1,179,365	-
Total current liabilities payable from restricted assets	4,863,371	-	4,863,371	-
Noncurrent liabilities:				
Bonds payable, net of unamortized debt expense	40,868,009	-	40,868,009	-
Total noncurrent liabilities	40,868,009	-	40,868,009	-
Total liabilities	58,626,820	-	58,626,820	2,917,056
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	112,542,637	-	112,542,637	-
Restricted for:				
Capital renewal and replacement and system improvements	1,968,673	-	1,968,673	-
Debt service	5,374,980	353,165	5,728,145	-
Inflow and infiltration	541,721	-	541,721	-
Self insurance	-	-	-	1,581,816
Unrestricted	3,378,789	-	3,378,789	-
Total net assets	\$ 123,806,800	\$ 353,165	124,159,965	\$ 1,581,816
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			802,561	
Net assets of business-type activities			<u>\$ 124,962,526</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Water and Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b><u>OPERATING REVENUES:</u></b>				
Charges for service	\$ 5,577,404	\$ -	\$ 5,577,404	\$ 1,849,890
Other operating revenues	126,629	-	126,629	298
Total operating revenues	5,704,033	-	5,704,033	1,850,188
<b><u>OPERATING EXPENSES:</u></b>				
Personal services and related benefits	2,173,058	-	2,173,058	211,330
Utilities	856,267	-	856,267	-
Contractual services, supplies, and materials	802,566	-	802,566	-
Professional services	139,674	-	139,674	53,940
Insurance premiums	-	-	-	1,360,769
Insurance and claims expense	758,963	-	758,963	-
Depreciation and amortization	3,488,865	-	3,488,865	-
Other expenses (revenues)	428,516	-	428,516	7,853
Total operating expenses	8,647,909	-	8,647,909	1,633,892
Operating income (loss)	(2,943,876)	-	(2,943,876)	216,296
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>				
Sales tax	3,774,778	-	3,774,778	-
Interest earnings:				
Restricted assets	701	-	701	-
Current assets	-	-	-	6,606
Interest expense and bank fees	(2,040,501)	-	(2,040,501)	-
Federal grants	6,917,743	-	6,917,743	-
Other nonoperating revenues	230,557	-	230,557	-
Deductions from taxes	(150,992)	-	(150,992)	-
Total nonoperating revenues (expenses)	8,732,286	-	8,732,286	6,606
Income (loss) before transfers	5,788,410	-	5,788,410	222,902
Transfers in	20,521,855	-	20,521,855	-
Transfers out	-	-	-	-
Change in net assets	26,310,265	-	26,310,265	222,902
Total net assets - beginning	97,496,535	353,165		1,358,914
Total net assets - ending	<u>\$ 123,806,800</u>	<u>\$ 353,165</u>		<u>\$ 1,581,816</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			174,864	
Change in net assets of business-type activities			<u>\$ 26,485,129</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Fund</b>
	<b>Water and Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Receipts from customers	\$ 5,584,604	\$ -	\$ 5,584,604	\$ 1,850,188
Payments to suppliers	(4,834,966)	-	(4,834,966)	(1,438,739)
Payments to employees	(2,104,507)	-	(2,104,507)	(211,330)
Receipts from and payments for interfund services	25,418	-	25,418	-
Net cash provided (used) by operating activities	(1,329,451)	-	(1,329,451)	200,119
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Net transfers in	20,521,855	-	20,521,855	-
Proceeds from federal grants	6,732,089	-	6,732,089	-
Payments for deductions for taxes	(150,992)	-	(150,992)	-
Receipts from sales tax	4,000,250	-	4,000,250	-
Other nonoperating revenues	230,557	-	230,557	-
Acquisition and construction of capital assets	(31,544,467)	-	(31,544,467)	-
Principal paid on capital debt	(2,903,692)	-	(2,903,692)	-
Interest paid on capital debt	(2,089,179)	-	(2,089,179)	-
Net cash provided (used) by capital and related financing activities	(5,203,579)	-	(5,203,579)	-
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of investments	-	-	-	(6,793)
Interest on cash management activities	701	-	701	6,606
Net cash provided by investing activities	701	-	701	(187)
Net increase (decrease) in cash and cash equivalents	(6,532,329)	-	(6,532,329)	199,932
Cash and cash equivalents - beginning	17,720,621	353,165	18,073,786	1,832,615
Cash and cash equivalents - ending	<u>\$ 11,188,292</u>	<u>\$ 353,165</u>	<u>\$ 11,541,457</u>	<u>\$ 2,032,547</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, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	
<b>Classified as:</b>				
Cash and cash equivalents	\$ 3,007,580	\$ -	\$ 3,007,580	\$ 2,032,547
Restricted cash and cash equivalents:				
Revenue bond debt service account	2,598,635	-	2,598,635	-
Capital renewal and replacement and system improvements accounts	374,346	-	374,346	-
Sales tax bond debt service reserve	980,664	-	980,664	-
Sales tax bond debt service account	1,795,681	-	1,795,681	-
Construction fund	1,594,327	-	1,594,327	-
Inflow and infiltration	541,721	-	541,721	-
Other debt service accounts	-	353,165	353,165	-
Customer meter deposits	295,338	-	295,338	-
<b>Totals</b>	<b>\$ 11,188,292</b>	<b>\$ 353,165</b>	<b>\$ 11,541,457</b>	<b>\$ 2,032,547</b>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>				
Operating income (loss)	\$ (2,943,876)	\$ -	\$ (2,943,876)	\$ 216,296
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	3,488,865	-	3,488,865	-
(Increase) decrease in receivables	(65,720)	-	(65,720)	-
(Increase) decrease in unbilled charges	(63,233)	-	(63,233)	-
(Increase) decrease in inventory	232,389	-	232,389	-
(Increase) decrease in prepaid expenses	(2,947)	-	(2,947)	(22,676)
(Increase) decrease in due to (from) other funds	25,418	-	25,418	(207,532)
Increase (decrease) in accounts payable and other accruals	(2,001,021)	-	(2,001,021)	29,878
Increase (decrease) in customer deposits	9,524	-	9,524	-
(Decrease) in salaries and payroll deductions payable	-	-	-	(61)
Increase (decrease) in self insurance claims payable	(8,850)	-	(8,850)	184,214
<b>Total adjustments</b>	<b>1,614,425</b>	<b>-</b>	<b>1,614,425</b>	<b>(16,177)</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (1,329,451)</b>	<b>\$ -</b>	<b>\$ (1,329,451)</b>	<b>\$ 200,119</b>

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**(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</u> <u>End</u>	<u>Criteria Used</u>
St. Bernard Parish Library	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1

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, 2011**

**(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

**Discretely Presented Component Unit**

The component unit column in the combined basic financial statements includes 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. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate audited financial reports prepared by other auditors 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, 2012. The Parish has elected to omit other required disclosures 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 Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, the Indigent Defender Board, the Parish Sheriff's Office, the Council on Aging and the Hospital Service District. 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Basis of Presentation (continued)**

**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. Non-major 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 a 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 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 two special revenue funds reported as major funds in the fund financial statements are as follows:

The *Community Disaster Block Grant (CDBG) Fund* is used to account for the proceeds and expenses associated with CDBG funds.

The *Disaster Recovery Fund* is used to account for monies received to reconstruct the Parish due to natural disasters.

**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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Basis of Presentation (continued)**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

**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.

**Proprietary Funds** - The proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

**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 funds 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.

**(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.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Basis of Accounting and Measurement Focus (continued)**

**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. For this purpose, the Parish considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. 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.

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

**(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 except for the Disaster Recovery Fund are included in the financial statements. The budgets are prepared on the modified accrual basis of accounting. Budgets for the Non-major 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(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; (4) customer and unbilled receivables in the Water and Sewer Enterprise Fund; and (5) federal grants receivable. 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, 2011**

**(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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Assets, Liabilities, and Fund Equity (continued)**

**LIABILITY FOR CLAIMS AND JUDGEMENTS**

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

The Parish Government has an insurance policy for claims between \$250,000 and \$5,000,000 per occurrence. 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, 2011.

**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 2003 Sales Tax Bond issues. 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, 2011 was \$2,897.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Assets, Liabilities, and Fund Equity (continued)**

**LONG-TERM DEBT (CONTINUED)**

**Business-type Activities**

Unamortized debt expense of the Division is comprised of costs associated with the 2001 Revenue Bond Issues and the 1999, 2004, and 2008 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 2008 Sales Tax Bond Issue of \$50,817 is amortized using the straight-line method over the 12-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, 2011 was \$39,016.

**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. 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, 2011, accrued vacation was \$1,152,712 and accrued sick leave was \$283,331 for governmental activities.

December 31, 2011, the accrued vacation was \$204,240 and accrued sick leave was \$4,889 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.

**EQUITY CLASSIFICATIONS**

In the government-wide financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Assets, Liabilities, and Fund Equity (continued)**

**EQUITY CLASSIFICATIONS (CONTINUED)**

b. Restricted net assets - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. The Parish Council, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment by formal vote at a public Parish Council meeting. For assigned fund balance the Parish's Council authorizes management to assign amounts for a specific purpose.

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

During the year the Parish adopted the provisions of GASB Statement No. 54, "*Fund Balance Reporting and Government Fund Type Definitions*". Under these provisions, the Civic Auditorium Fund, Judicial Court Reporters Fund, Hospital Service Fund, Community Development Fund, Group Home Fund, District Attorney Fund, Contingency Court Fund, Environmental Mitigation Fund, LIHEAP Fund, Daycare Fund, FEMA Fund, Capital Project Fund, BP Oil Spill Fund, Hurricane Katrina Fund, and FEMA Permanent Work Fund no longer met the criteria to be classified as separate special revenue funds and were merged into the General Fund.

**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.

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 30, 2012, which is the date the financial statements were available to be issued.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(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**

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:				
CDBG Disaster Fund	\$ 42,940,641	\$ 38,400,000	\$ 4,540,641	11.82%
Disaster Recovery	\$ 161,522,902	\$ 110,000,000	\$ 51,552,902	46.86%

**(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 and cash equivalents".

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(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, 2011, 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>\$ 1,290,726</u>	<u>\$ 57,918,411</u>	<u>\$ -</u>	<u>\$ 51,297,555</u>

**(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, 2011

**(3) CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**(b) Investments - Primary Government (continued)**

Investments for the primary government at December 31, 2011, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

	<u>Risk Category</u>			<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Certificates of Deposit	\$ <u>569,192</u>	\$ <u>400,000</u>	\$ <u>-</u>	\$ 969,192
Investments not subject to categorization:				
Louisiana Assets Management Pool (LAMP)				<u>289,918</u>
Total				<u>\$ 1,259,110</u>

In accordance with GASB Codification Section I50.126, the investment in LAMP at December 31, 2011 is not categorized in the three risk categories provided by GASB Codification Section I50.125 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(3) CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**(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. Investments were held by the Authority at March 31, 2012 with a balance of \$4,476,209.

**(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 1<sup>st</sup> 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, 2010. Taxes are due and payable November 15th of each year and become delinquent December 31<sup>st</sup> with interest being charged on payments after January 1<sup>st</sup>. 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	\$ 23,390
Non-major governmental funds	202,837

**Business-type funds:**

Water and Sewer Division	283,060
Non-major business-type funds	<u>-</u>

Total allowance for uncollectibles	<u>\$ 509,287</u>
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**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(7) CAPITAL ASSETS**

(a) Capital asset activity of the primary government for the year ended December 31, 2011, was as follows:

	<u>01/01/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2011</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 16,021,174	\$ 1,209,262	\$ -	\$ 17,230,436
Construction in progress	<u>104,956,694</u>	<u>153,128,285</u>	<u>(32,184,150)</u>	<u>225,900,829</u>
Total capital assets not being depreciated	<u>120,977,868</u>	<u>154,337,547</u>	<u>(32,184,150)</u>	<u>243,131,265</u>
Capital assets being depreciated:				
Land improvements	20,167	-	-	20,167
Buildings and building improvements	70,697,783	23,750,440	(12,083,839)	82,364,384
Furniture, fixtures, and equipment	1,377,360	-	-	1,377,360
Machinery and equipment	14,957,244	2,260,137	-	17,217,381
Road system	34,124,720	7,711,775	-	41,836,495
Bridges	<u>1,363,360</u>	<u>-</u>	<u>-</u>	<u>1,363,360</u>
Total capital assets being depreciated	122,540,634	33,722,352	(12,083,839)	144,179,147
Less: accumulated depreciation	<u>(32,172,445)</u>	<u>(6,408,196)</u>	<u>5,868,731</u>	<u>(32,711,910)</u>
Total capital assets being depreciated, net	<u>90,368,189</u>	<u>27,314,156</u>	<u>(6,215,108)</u>	<u>111,467,237</u>
Total governmental activities capital assets, net	<u>\$ 211,346,057</u>	<u>\$ 181,651,703</u>	<u>\$ (38,399,258)</u>	<u>\$ 354,598,502</u>
<b><u>Business-type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 221,036	\$ -	\$ -	\$ 221,036
Construction in progress	<u>56,610,183</u>	<u>25,297,964</u>	<u>(15,902,919)</u>	<u>66,005,228</u>
Total capital assets not being depreciated	<u>56,831,219</u>	<u>25,297,964</u>	<u>(15,902,919)</u>	<u>66,226,264</u>
Capital assets being depreciated:				
Buildings	1,725,999	14,825,866	-	16,551,865
Furniture, fixtures, and equipment	36,492	-	-	36,492
Machinery and equipment	1,805,411	63,595	-	1,869,006
Infrastructure	<u>171,768,607</u>	<u>254,398</u>	<u>-</u>	<u>172,023,005</u>
Total capital assets being depreciated	175,336,509	15,143,859	-	190,480,368
Less: accumulated depreciation	<u>(97,026,137)</u>	<u>(3,449,849)</u>	<u>-</u>	<u>(100,475,986)</u>
Total capital assets being depreciated, net	<u>78,310,372</u>	<u>11,694,010</u>	<u>-</u>	<u>90,004,382</u>
Total business-type activities capital assets, net	<u>\$ 135,141,591</u>	<u>\$ 36,991,974</u>	<u>\$ (15,902,919)</u>	<u>\$ 156,230,646</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(7) CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General government:

Judicial	\$ 2,209,150
Library	152,001
Other general government	254,843
Public safety	700,020
Public works	2,255,516
Cultural and recreation	798,085
Health and welfare	<u>38,581</u>

Total depreciation expense - governmental activities    \$ 6,408,196

**Business-type Activities:**

Water and sewer    \$ 3,449,849

**(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, 2011:

	<u>Balance</u> <u>1/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2011</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Sales tax bonds	\$ 4,010,000	\$ -	\$ (260,000)	\$ 3,750,000	\$ 270,000
Total per fund financials	4,010,000	-	(260,000)	3,750,000	270,000
Less: deferred issuance costs	<u>(34,769)</u>	-	<u>2,897</u>	<u>(31,872)</u>	-
Total bonds payable, net of deferred issuance costs	<u>3,975,231</u>	-	<u>(257,103)</u>	<u>3,718,128</u>	<u>270,000</u>
Community Disaster Loan 1768	5,000,000	-	-	5,000,000	-
Compensated absences	<u>1,416,688</u>	<u>19,355</u>	-	<u>1,436,043</u>	-
Total governmental activities	<u>\$ 10,391,919</u>	<u>\$ 19,355</u>	<u>\$ (257,103)</u>	<u>\$ 10,154,171</u>	<u>\$ 270,000</u>
<b><u>Business-type Activities:</u></b>					
Revenue bonds	\$ 130,000	\$ -	\$ (130,000)	\$ -	\$ -
Sales tax bonds	<u>46,905,980</u>	-	<u>(2,773,692)</u>	<u>44,132,288</u>	<u>2,820,000</u>
Total bonds payable	47,035,980	-	(2,903,692)	44,132,288	2,820,000
Less: deferred issuance costs	<u>(483,295)</u>	-	<u>39,016</u>	<u>(444,279)</u>	-
Total bonds payable, net of deferred issuance costs	<u>46,552,685</u>	-	<u>(2,864,676)</u>	<u>43,688,009</u>	<u>2,820,000</u>
Compensated absences	<u>197,143</u>	<u>11,986</u>	-	<u>209,129</u>	-
Total business-type activities	<u>\$ 46,749,828</u>	<u>\$ 11,986</u>	<u>\$ (2,864,676)</u>	<u>\$ 43,897,138</u>	<u>\$ 2,820,000</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(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, 2011:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Original Issue</u>	<u>Outstanding</u>
<b><u>Governmental Activities:</u></b>					
2003 Sales tax bonds	3.60-4.65	01/01/2003	03/01/2022	\$ 6,970,000	\$ 3,750,000
Community Disaster Loan 1768	1.88	4/13/09	4/2/2014	5,000,000	5,000,000
Total governmental activities				<u>11,970,000</u>	<u>8,750,000</u>
<b><u>Business-type Activities:</u></b>					
<b><u>Sales tax bonds:</u></b>					
<b><u>Water and Sewer Division:</u></b>					
2004 Sales tax bonds	4.00-5.00	08/01/2004	03/01/2024	50,000,000	37,690,000
Premium on 2004 sales tax bond		08/01/2004	03/01/2024	1,473,837	927,288
2008 Sales tax refunding bonds	3.88	3/27/2008	12/01/2019	6,715,000	5,515,000
Total sales tax bonds				<u>58,188,837</u>	<u>44,132,288</u>
Total business-type activities				<u>58,188,837</u>	<u>44,132,288</u>
Total all certificates, bonds and special assessments				<u>\$ 70,158,837</u>	<u>\$ 52,882,288</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>Premium</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 3,090,000	\$ 73,692	\$ 2,180,487	\$ 5,344,179
2013	3,215,000	73,692	2,041,379	5,330,071
2014	8,350,000	73,692	2,344,618	10,768,310
2015	3,505,000	73,692	1,736,682	5,315,374
2016	3,655,000	73,692	1,452,740	5,181,432
2017-2021	19,090,000	368,460	5,081,890	24,540,350
2022-2024	<u>11,050,000</u>	<u>190,368</u>	<u>822,256</u>	<u>12,062,624</u>
Total	<u>\$ 51,955,000</u>	<u>\$ 927,288</u>	<u>\$ 15,660,052</u>	<u>\$ 68,542,340</u>

**Governmental Funds**

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 3.60-4.65% 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, 2011 was \$3,750,000.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(8) LONG-TERM DEBT (CONTINUED)**

**Primary Government (continued)**

**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. No balance was outstanding at December 31, 2011, as this bond was paid in full during the year.

**Proprietary Fund Sales Tax Bonds**

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 between 4-5%, and the bonds mature on March 31, 2024 with debt service payments due in annual principal installments from \$1,135,000 to \$3,695,000. The balance outstanding at December 31, 2011 was \$37,690,000.

On March 27, 2008, \$6,715,000 of the 2008 Sales Tax Bonds was issued for the purpose of refunding the 1999 Sales Tax Bonds. The interest rate on the bonds is 3.88%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$35,000 to \$795,000. The balance outstanding at December 31, 2011 was \$5,515,000.

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 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.

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 ½% sales tax being levied and collected.

The Division has established and maintained these accounts, and at December 31, 2011, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the reserve for replacement and construction fund account are \$4,394,316, \$980,664, \$541,721 and \$1,968,673, respectively. The account balances exceed the minimum requirements of the bond indentures.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(8) LONG-TERM DEBT (CONTINUED)**

**Primary Government (continued)**

**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, 2011, the customer meter deposits cash account had a balance of \$295,338 and meter liability of \$1,179,365.

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.

**Prior Years' Defeasance of Debt**

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.

**(9) OPERATING LEASES**

**Governmental Activities**

Total rental expense for the year ended December 31, 2011 was \$69,900. The Parish Government 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>
Tenneco Oil Company	\$ 56,700	10 years	October 5, 1982	2 additional 10 year terms
St. Bernard Parish Housing & Redevelopment	50,400	5 years	January 1, 2011	Infinite 1 year terms
St. Bernard Parish Sheriff's Office	64,236	3 years	April 1, 2008	11 additional 1 month terms

The Parish Government also granted the St. Bernard Parish Sheriff's Versailles Subdivision Squares 394-395, and 544-549 free rental of property for use of a firing range and other approved law enforcement agencies. Total rental income for the year ended December 31, 2011 was \$146,038.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(9) OPERATING LEASES (CONTINUED)**

Business-type Activities

Total rental expense for the year ended December 31, 2011 was \$378,780. 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>
Verizon Wireless Tower #1	8,640	5 years	August 8, 1995	4 additional 3 year terms
Sprint Spectrum Tower #2	10,368	5 years	April 18, 1996	4 additional 5 year terms
Verizon Wireless Tower #5	12,500	5 years	July 21, 1998	4 additional 3 year terms
Verizon Wireless Tower #6	9,600	5 years	November 18, 1997	4 additional 3 year terms
Sprint Spectrum Tower #7	18,000	5 years	September 7, 2004	4 additional 3 year terms
Sprint Spectrum	18,522	5 years	October 1, 1996	4 additional 5 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, 2011 was \$77,630.

The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 53,231	\$ 74,030
2013	-	68,990
2014	-	68,190
2015	-	54,182
2016	-	56,731
2017-2022	-	239,773
Total	<u>\$ 53,231</u>	<u>\$ 561,896</u>

**(10) INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS**

The composition of due to/from other funds as of December 31, 2011, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Disaster Recovery	\$ 1,728,386
	CDBG Disaster Fund	848,287
	Water & Sewer Fund	3,143,848
	Non-major Governmental	3,042,838
	Internal Service Fund	261,292
Non-major Governmental	Non-major Governmental	1,632,512
	General Fund	1,284,554
	Water & Sewer Fund	284,111
	Disaster Recovery	2,426,018
Water & Sewer Fund	Disaster Recovery	11,906,872
	General Fund	600,000
	CDBG Disaster Fund	459,360
Disaster Recovery	General Fund	2,260,529
	Non-major Governmental	1,293,411
	Water & Sewer Fund	6,049,863
Internal Service Fund	Non-major Governmental	83,955
	Water & Sewer Fund	<u>1,175,693</u>
		<u>\$ 38,481,529</u>



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(10) INTERFUND PAYABLES, RECEIVABLES AND TRANSFERS (CONTINUED)**

The above due/to/from other funds were short-term receivables or payables resulting from the normal course of the Parish's operations.

The composition of interfund transfers as of December 31, 2011, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Non-major Governmental Disaster Recovery	\$ 222,174 317,805
Non-major Governmental	General Fund Non-major Governmental	6,029,656 25,000
Water & Sewer Fund	CDBG Disaster Fund Disaster Recovery	7,140,159 <u>13,381,696</u>
		<u>\$ 27,116,490</u>

Transfers are primarily used to move funds from:

The General Fund to the Consolidated Fire Protection Districts and Public Works in accordance with budgetary authorizations.

CDBG Disaster Fund and Disaster Recovery Fund to the Water and Sewer Fund to fund various capital outlay projects.

**(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, 2011 was \$13,463,411 (which includes a Parish payroll of \$11,949,844 and Water and Sewer Division payroll of \$1,513,567).

**(a) Parochial Employees' Retirement System**

Employees of the Parish and Water and Sewer Division are members of the Parochial Employees' Retirement System of Louisiana (the 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(11) EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

**(a) Parochial Employees' Retirement System (continued)**

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 15.75% of annual payroll, which is unchanged from prior year. 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 Government's contributions to the System for the years ended December 31, 2011, 2010 and 2009 were \$1,324,392, \$1,192,858, and \$834,890, respectively, equal to the required contributions for each year. For the year ended December 31, 2011, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$1,513,567. The Water and Sewer Division's contributions to the System for the years ended December 31, 2011, 2010, and 2009 were \$281,534, \$267,822, and \$209,257, 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 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 - Beginning January 1, 2011, plan members are required to contribute 8.00% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. On July 1, 2011, that rate increased to 10.00% of their earnable compensation. Beginning January 1, 2011, the Parish was paying a rate of 21.50% of payroll. On July 1, 2011, that rate increased to 23.25% 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, 2011, 2010, and 2009 were \$977,736, \$745,655, and \$507,344, respectively, equal to the required contributions for each year.

**(c) District Attorneys' Retirement System**

Plan Description - The Parish contributes to the District Attorneys' Retirement System (the 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. Beginning January 1, 2011, the Parish was paying a rate of 9.00% of payroll. On July 1, 2011, that rate increased to 9.75% of annual-covered payroll. The contribution requirements of plan members and the Parish are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2011, 2010, and 2009 were \$23,277, \$16,754, and \$6,412, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(12) POST EMPLOYMENT BENEFITS**

**Plan Description**

St. Bernard Parish Government's medical and life benefits are provided to employees upon actual retirement. The plan is a single employer plan. No separate audited postemployment benefit plan report is available for this plan.

The retirement eligibility (D.R.O.P. entry) provisions (other than firefighters) are as follows for employees hired prior to January 1, 2007: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 (other than firefighters), the provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. The retirement eligibility (D.R.O.P. entry) provisions for firefighters are as follows: age 55 and 12 years of service; age 50 and 20 years of service; 25 years of service at any age. See the section below entitled "Post Employment Benefit Plan Eligibility Requirements" for the assumption as to actual retirement.

**Contribution Rates**

Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy**

Until December 31, 2007, the Parish Government recognized the cost of providing post-employment medical benefits (the Parish Government's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective January 1, 2008, the Parish Government implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs. The contribution requirements of the plan members and the Parish are established and may be amended by the Parish Council.

In 2011, the Parish Government's portion of health care funding cost for retired employees totaled \$934,955. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table below.

**Annual Required Contribution**

The Parish Government's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2011 is \$1,121,674 as set forth below:

	<u>Medical</u>
Normal cost	\$ 319,252
30 year UAL amortization amount	<u>802,422</u>
Annual required contribution (ARC)	<u><u>\$ 1,121,674</u></u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2011

**(12) POST EMPLOYMENT BENEFITS (CONTINUED)**

**Net Post-Employment Benefit Obligation**

The table below shows the Parish Government's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2011:

	<u>Medical</u>
Beginning net OPEB Obligation 1/1/2011	\$ <u>1,146,063</u>
Annual required contribution	1,121,674
Interest on net OPEB Obligation	45,843
ARC adjustment	<u>(66,277)</u>
OPEB cost	1,101,240
Contribution	-
Current year retiree premium	<u>(934,955)</u>
Change in net OPEB Obligation	166,285
Ending net OPEB Obligation 12/31/2011	<u>\$ 1,312,348</u>

The following table shows the Parish Government's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical/Life	12/ 31/ 2009	\$ 1,224,951	55.92%	\$ 1,020,684
Medical/Life	12/ 31/ 2010	\$ 1,060,334	88.18%	\$ 1,146,063
Medical/Life	12/ 31/ 2011	\$ 1,101,240	84.90%	\$ 1,312,348

**Funded Status and Funding Progress**

In the fiscal year ending December 31, 2011, the Parish Government made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2011, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$13,875,925, which is defined as that portion, as determined by a particular actuarial cost method (St. Bernard Parish Government uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2011, 2010, 2009, the entire actuarial accrued liability of \$13,875,925 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 13,875,925
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actual Accrued Liability (UAAL)	<u>\$ 13,875,925</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	<u>\$ 10,537,108</u>
UAAL as a percentage of covered payroll	131.69%

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(12) POST EMPLOYMENT BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Parish Government and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Parish Government and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Parish Government and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method**

The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets**

Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

**Turnover Rate**

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 15%. The rates for each age are below:

<u>Age</u>	<u>% Turnover</u>
18-25	25.0%
26-40	18.0%
41-54	15.0%
55+	8.0%

**Post Employment Benefit Plan Eligibility Requirements**

Based on past experience, it has been assumed that entitlement to benefits will commence three years after retirement eligibility (D.R.O.P. entry). Medical benefits are provided to employees upon actual retirement. The retirement eligibility (D.R.O.P. entry) provisions (other than firefighters) are as follows for employees hired prior to January 1, 2007: 30 years of service at any age; age 55 and 25 years of service, age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2007 (other than firefighters), the provisions are as follows; age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. The retirement eligibility (D.R.O.P. entry) provisions for firefighters are as follows: age 55 and 12 years of service; age 50 and 20 years of service; 25 years of service at any age. Entitlement to benefits continue through Medicare to death.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(12) POST EMPLOYMENT BENEFITS (CONTINUED)**

**Investment Return Assumption (Discount Rate)**

GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Since the ARC is not currently being funded and not expected to be funded in the near future, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio under professional management.

**Health Care Cost Trend Rate**

The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate**

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical benefits (for the retiree only), except firefighters. For retired firefighters, the employer pays 70% of the cost of medical benefits for both retiree and dependents. The medical rates provided are "blended" rates for active and retired prior to Medicare eligibility for all retirees except firefighters, which are "unblended". The actuary has therefore estimated the total "unblended" rates, where appropriate, as required by GASB 45 for valuation purposes to be 130% of the blended rates prior to Medicare eligibility. After Medicare eligibility at age 65, the rates are "unblended" rates, as mandated by GASB 45.

**(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 the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 450-20-25-2, *Contingencies*, 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(13) SELF INSURANCE / RISK MANAGEMENT (CONTINUED)**

The following represents a reconciliation of total claims liability:

	<u>Automobile/ General Liability</u>	<u>Workers Compensation</u>	<u>Total</u>
<b><u>Governmental Activities:</u></b>			
Balance, December 31, 2009	\$ 1,221,506	\$ 1,039,315	\$ 2,260,821
Increase in provision for incurred claims	410,246	515,705	925,951
Less: claims paid	<u>(339,714)</u>	<u>(781,559)</u>	<u>(1,121,273)</u>
Balance, December 31, 2010	<u>\$ 1,292,038</u>	<u>\$ 773,461</u>	<u>\$ 2,065,499</u>
Increase in provision for incurred claims	362,558	446,605	809,163
Less: claims paid	<u>(45,309)</u>	<u>(606,596)</u>	<u>(651,905)</u>
Balance, December 31, 2011	<u>\$ 1,609,287</u>	<u>\$ 613,470</u>	<u>\$ 2,222,757</u>
<b><u>Business-type Activities:</u></b>			
Balance, December 31, 2009	\$ 122,127	\$ -	\$ 122,127
Increase (decrease) in provision for incurred claims	(20,544)	12,796	(7,748)
Less: claims paid	<u>(11,011)</u>	<u>(12,703)</u>	<u>(23,714)</u>
Balance, December 31, 2010	<u>\$ 90,572</u>	<u>\$ 93</u>	<u>\$ 90,665</u>
Increase in provision for incurred claims	16,762	33,449	50,211
Less: claims paid	<u>(5,302)</u>	<u>(17,953)</u>	<u>(23,255)</u>
Balance, December 31, 2011	<u>\$ 102,032</u>	<u>\$ 15,589</u>	<u>\$ 117,621</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. The Parish Government did not transfer any of the surplus during the year ended December 31, 2011, however, \$222,174 was transferred to the General Fund subsequent to the year then ended.

**(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, 2011, 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(15) ADMINISTRATIVE ORDERS (CONTINUED)**

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, 2011, 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.

**Construction Contracts**

The Parish had several construction contracts in progress during the year ended December 31, 2011.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total amount of contracts	\$ 249,020,255	\$ 82,782,280
Completed to date	<u>(165,426,149)</u>	<u>(53,299,093)</u>
Outstanding contracts	<u>\$ 83,594,106</u>	<u>\$ 29,483,187</u>

**(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, wrongful demolition of property, 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 \$2,222,757 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 \$117,621 have been accrued in the Water and Sewer Internal Service Fund. The Parish is subject to several other lawsuits arising in the normal course of business which are adequately covered by insurance where a range of loss cannot be reasonably determined. These "reasonably possible" loss contingencies are not reflected in these financial statements.

During 2010, a judgment against St. Bernard Parish was awarded to The Greater New Orleans Fair Housing Action Center in the amount of \$837,121. The Parish has appealed all actions and judgments against them. The outcome of appeals cannot be determined therefore the liability is not reflected in these financial statements.



**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2011**

**(17) LITIGATION (CONTINUED)**

The Parish has been named as defendant in lawsuits alleging damage to properties adjoining levees following Hurricane Katrina in 2005. The Parish Attorney believes any compensation ordered by the court will ultimately be paid by the U.S. Army Corp of Engineers.

**(18) DEFICIT FUND BALANCES**

The following funds had deficit fund balances at December 31, 2011:

CDBG Disaster	\$	(55,175)
Workforce Investment Act		(64,837)
Garbage District No. 1		(145,344)
Deputy Witness Fee		(49,625)
Hazard Mitigation		(281,221)
Versailles Industrial Park Sinking		(15,323)

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Actual Amounts</b>	<b>Adjustments to Budgetary Basis</b>	<b>Actual Amounts on Budgetary Basis</b>	<b>Budgeted Amounts</b>		<b>Variance with Final Budget - Positive (Negative)</b>
				<b>Original</b>	<b>Final</b>	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 987,400	\$ -	\$ 987,400	\$ 887,000	\$ 933,410	\$ 53,990
Sales and use	11,926,477	-	11,926,477	19,770,000	16,385,000	(4,458,523)
Other taxes, penalties, interest, etc.	990,610	-	990,610	893,000	959,435	31,175
Licenses and permits	1,328,111	-	1,328,111	1,316,000	1,264,735	63,376
Intergovernmental revenues:						
Federal grants	2,374,101	-	2,374,101	489,500	2,338,730	35,371
State funds:						
Parish transportation funds	-	-	-	-	-	-
State revenue sharing (net)	2,767	-	2,767	-	1,845	922
Other	136,043	-	136,043	22,182	138,442	(2,399)
Fees, charges, and commissions for services	1,283,459	-	1,283,459	1,559,200	1,259,185	24,274
Fines and forfeitures	(35)	-	(35)	-	-	(35)
Use of money and property	3,735	-	3,735	8,800	120	3,615
Special assessments	-	-	-	-	-	-
Public grants	-	-	-	-	-	-
Other government funds	-	-	-	-	-	-
Other revenues	1,178,111	-	1,178,111	1,137,800	641,865	536,246
Total revenues	20,210,779	-	20,210,779	26,083,482	23,922,767	(3,711,988)
<b>EXPENDITURES:</b>						
Current:						
General government:						
Legislative	-	-	-	-	-	-
Judicial	1,135,950	-	1,135,950	1,236,600	1,183,300	47,350
Elections	-	-	-	-	-	-
Finance and administration	-	-	-	1,580,000	1,309,040	1,309,040
Deductions by sales tax collector	-	-	-	-	-	-
Other general government	12,989,523	-	12,989,523	11,046,805	11,868,155	(1,121,368)
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Cultural and recreation	-	-	-	439,000	373,530	373,530
Health and welfare	25,474	-	25,474	1,204,550	901,800	876,326
Economic development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and service charges	-	-	-	-	-	-
Capital outlay	1,129,262	-	1,129,262	72,452	687,007	(442,255)
Total expenditures	15,280,209	-	15,280,209	15,579,407	16,322,832	1,042,623
Excess of revenues over expenditures	4,930,570	-	4,930,570	10,504,075	7,599,935	(2,669,365)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	539,979	-	539,979	6,935,370	2,211,095	(1,671,116)
Transfers out	(6,029,656)	-	(6,029,656)	(22,694,475)	(17,525,765)	11,496,109
Total other financing sources (uses)	(5,489,677)	-	(5,489,677)	(15,759,105)	(15,314,670)	9,824,993
Net change in fund balances	(559,107)	-	(559,107)	(5,255,030)	(7,714,735)	7,155,628
Fund balances - beginning	9,112,765	-	9,112,765	9,112,798	9,112,798	(33)
Fund balances - ending	\$ 8,553,658	\$ -	\$ 8,553,658	\$ 3,857,768	\$ 1,398,063	\$ 7,155,595

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CDBG DISASTER**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b><u>REVENUES:</u></b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	50,009,919	83,400,000	38,400,000	11,609,919
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	5,631	-	-	5,631
Total revenues	50,015,550	83,400,000	38,400,000	11,615,550
<b><u>EXPENDITURES:</u></b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	37,238,389	15,000,000	15,005,500	(22,232,889)
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	5,702,252	68,400,000	23,394,500	17,692,248
Total expenditures	42,940,641	83,400,000	38,400,000	(4,540,641)
Excess (deficiency) of revenues over (under) expenditures	7,074,909	-	-	7,074,909
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers in	-	-	-	-
Transfers out	(7,140,159)	-	-	(7,140,159)
Total other financing sources (uses)	(7,140,159)	-	-	(7,140,159)
Net change in fund balances	(65,250)	-	-	(65,250)
Fund balances - beginning	10,075	10,075	10,075	-
Fund balances - ending	\$ (55,175)	\$ 10,075	\$ 10,075	\$ (65,250)

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**DISASTER RECOVERY**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
		<u>Original</u>	<u>Final</u>	
<b><u>REVENUES:</u></b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	180,648,310	82,741,436	110,600,000	70,048,310
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	267,637	-	-	267,637
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	-
	<u>180,915,947</u>	<u>82,741,436</u>	<u>110,600,000</u>	<u>70,315,947</u>
Total revenues				
	<u>180,915,947</u>	<u>82,741,436</u>	<u>110,600,000</u>	<u>70,315,947</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	14,738,424	93,480,000	24,823,100	10,084,676
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	146,814,478	-	85,176,900	(61,637,578)
	<u>161,552,902</u>	<u>93,480,000</u>	<u>110,000,000</u>	<u>(51,552,902)</u>
Total expenditures				
	<u>161,552,902</u>	<u>93,480,000</u>	<u>110,000,000</u>	<u>(51,552,902)</u>
Excess of revenues over expenditures	19,363,045	(10,738,564)	600,000	18,763,045
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers in	-	-	-	-
Transfers out	(13,699,500)	-	(587,200)	(13,112,300)
	<u>(13,699,500)</u>	<u>-</u>	<u>(587,200)</u>	<u>(13,112,300)</u>
Total other financing sources and uses				
	<u>(13,699,500)</u>	<u>-</u>	<u>(587,200)</u>	<u>(13,112,300)</u>
Net change in fund balances	5,663,545	(10,738,564)	12,800	5,650,745
Fund balances - beginning	4,227,755	4,227,755	4,227,755	-
Fund balances - ending	<u>\$ 9,891,300</u>	<u>\$ (6,510,809)</u>	<u>\$ 4,240,555</u>	<u>\$ 5,650,745</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**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>Difference</u>
Expenditures:				
CDBG Disaster Fund	\$ 42,940,641	\$ 38,400,000	\$ 4,540,641	11.82
Disaster Recovery	161,522,902	110,000,000	51,552,902	46.86

**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.

## **OTHER SUPPLEMENTAL INFORMATION**

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS**  
**DECEMBER 31, 2011**

**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.

**Criminal Court Fund**

This fund 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.

**Consolidated Fire Protection District No. 1-2 Fund**

This 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.

**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.

**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.

**Public Works Fund**

This 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.

**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.

**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.



**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)**  
**DECEMBER 31, 2011**

**Special Revenue Funds (Continued)**

**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 and Redevelopment 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.

**Garbage District #1 Fund**

This 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 ½% dedicated sales tax for garbage collection.

**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.

**Library Fund**

This 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.

**Hazard Mitigation Fund**

This fund is used to account for the proceeds and expenses associated with Hazard Mitigation Grant Program funds.

**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 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)**  
**DECEMBER 31, 2011**

**Debt Service Funds (continued)**

**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.

**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.

**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.

**Hurricane Reconstruction Fund**

This fund is used to account for monies received to reconstruct the Parish due to Hurricane Katrina.

**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.

**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.

**Rebuild St. Bernard 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, 2011

	<u>Special Revenue</u>			
	<u>Criminal Court</u>	<u>Consolidated Fire Protection District No. 1-2</u>	<u>Council on Aging</u>	<u>Recreation Department</u>
<b><u>ASSETS:</u></b>				
Cash and cash equivalents	\$ 453,114	\$ 500	\$ 289,015	\$ 925,321
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)				
Sales taxes	-	-	-	-
Ad valorem taxes	-	2,178,519	273,795	632,072
Intergovernmental	-	134,236	-	35,133
Other	10,252	317,358	-	10,060
Due from other funds	-	156	-	-
Prepays	-	21,629	3,154	48,777
	<u>-</u>	<u>21,629</u>	<u>3,154</u>	<u>48,777</u>
Total assets	<u>\$ 463,366</u>	<u>\$ 2,652,398</u>	<u>\$ 565,964</u>	<u>\$ 1,651,363</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>				
Liabilities:				
Accounts payable	\$ 19,020	\$ 267,534	\$ 10,977	\$ 147,037
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	230,025	(87)	49,810
Due to other funds	222,174	1,475,749	-	3,776
Deferred revenues	-	86,413	11,630	225,224
Total liabilities	<u>241,194</u>	<u>2,059,721</u>	<u>22,520</u>	<u>425,847</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	21,629	3,154	48,777
Restricted for:				
Debt service	-	-	-	-
Federal programs	-	-	-	-
Council on Aging	-	-	540,290	-
Road lighting	-	-	-	-
Health	-	-	-	-
Communications	-	-	-	-
Capital outlay	-	-	-	-
Library	-	-	-	-
Committed to:				
Wellness programs	-	154,989	-	-
Public safety	-	53,774	-	-
Capital outlay	-	-	-	-
Assigned to:				
Public improvements, facilities, and equipment	-	-	-	-
Public safety	-	362,285	-	-
Court operations	222,172	-	-	-
Recreation	-	-	-	1,176,739
Recovery	-	-	-	-
Sanitation	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>222,172</u>	<u>592,677</u>	<u>543,444</u>	<u>1,225,516</u>
Total liabilities and fund balances	<u>\$ 463,366</u>	<u>\$ 2,652,398</u>	<u>\$ 565,964</u>	<u>\$ 1,651,363</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

<b>Special Revenue</b>				
<b>Public Works</b>	<b>Road Lighting District No. 1</b>	<b>Workforce Investment Act</b>	<b>Health</b>	<b>Communications</b>
\$ 56,339	\$ -	\$ 90,956	\$ 1,069,801	\$ 262,478
-	-	-	-	-
-	-	-	-	-
888,396	353,654	-	180,583	-
584,811	16,719	167,770	-	-
347,199	-	28,890	-	-
578,191	-	-	-	-
33,069	-	-	5,417	3,362
<u>\$ 2,488,005</u>	<u>\$ 370,373</u>	<u>\$ 287,616</u>	<u>\$ 1,255,801</u>	<u>\$ 265,840</u>
\$ 748,915	\$ 63,369	\$ 76,997	\$ 37,280	\$ 35,682
-	-	-	-	-
225,817	-	117,312	-	-
1,180,196	275,538	83,955	-	-
38,073	14,670	74,189	7,739	-
<u>2,193,001</u>	<u>353,577</u>	<u>352,453</u>	<u>45,019</u>	<u>35,682</u>
33,069	-	-	5,417	3,362
-	-	-	-	-
-	-	(64,837)	-	-
-	-	-	-	-
-	16,796	-	-	-
-	-	-	1,205,365	-
-	-	-	-	226,796
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
261,935	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>295,004</u>	<u>16,796</u>	<u>(64,837)</u>	<u>1,210,782</u>	<u>230,158</u>
<u>\$ 2,488,005</u>	<u>\$ 370,373</u>	<u>\$ 287,616</u>	<u>\$ 1,255,801</u>	<u>\$ 265,840</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

	<b>Special Revenue</b>			
	<b>Housing and Redevelopment</b>	<b>Urban Mass Transportation Administration</b>	<b>Garbage District No. 1</b>	<b>Deputy Witness Fee</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,841,931	\$ 1,218,888	\$ -	\$ 8,877
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)				
Sales taxes	-	-	713,148	-
Ad valorem taxes	-	-	888,397	-
Intergovernmental	110,464	781,472	-	-
Other	(7,569)	-	-	3,120
Due from other funds	-	-	-	-
Prepays	2,009	2,591	1,163	-
Total assets	<u>\$ 2,946,835</u>	<u>\$ 2,002,951</u>	<u>\$ 1,602,708</u>	<u>\$ 11,997</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Accounts payable	\$ 55,548	\$ 129,669	\$ 1,152,220	\$ 6,850
Retainage payable	-	9,322	-	-
Salaries and payroll deductions payable	48,638	25,049	(1,565)	-
Due to other funds	102,805	-	559,324	54,772
Deferred revenues	-	-	38,073	-
Total liabilities	<u>206,991</u>	<u>164,040</u>	<u>1,748,052</u>	<u>61,622</u>
Fund balances:				
Nonspendable:				
Prepaid items	2,009	2,591	1,163	-
Restricted for:				
Debt service	-	-	-	-
Federal programs	2,737,835	1,836,320	-	-
Council on Aging	-	-	-	-
Road lighting	-	-	-	-
Health	-	-	-	-
Communications	-	-	-	-
Capital outlay	-	-	-	-
Library	-	-	-	-
Committed to:				
Wellness programs	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Assigned to:				
Public improvements, facilities, and equipment	-	-	-	-
Public safety	-	-	-	-
Court operations	-	-	-	(49,625)
Recreation	-	-	-	-
Recovery	-	-	-	-
Sanitation	-	-	(146,507)	-
Unassigned	-	-	-	-
Total fund balances	<u>2,739,844</u>	<u>1,838,911</u>	<u>(145,344)</u>	<u>(49,625)</u>
Total liabilities and fund balances	<u>\$ 2,946,835</u>	<u>\$ 2,002,951</u>	<u>\$ 1,602,708</u>	<u>\$ 11,997</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

<b>Special Revenue</b>			<b>Debt Service</b>	
<b>Library</b>	<b>Hazard Mitigation</b>	<b>Total</b>	<b>Versailles Industrial Park Sinking</b>	<b>Bond Reserve 1996</b>
\$ 4,401,674	\$ 3,089,537	\$ 14,708,431	\$ 421	\$ 929
5,410,491	-	5,410,491	-	-
-	-	713,148	-	-
1,069,009	-	6,464,425	-	-
-	152,530	1,983,135	-	-
-	11,906	721,216	9,154	-
485,273	-	1,063,620	-	-
-	-	121,171	-	-
<u>\$ 11,366,447</u>	<u>\$ 3,253,973</u>	<u>\$ 31,185,637</u>	<u>\$ 9,575</u>	<u>\$ 929</u>
\$ -	\$ 689,069	\$ 3,440,167	\$ -	\$ -
-	35,995	45,317	-	-
7,576	-	702,575	-	-
-	390,389	4,348,678	24,898	-
72,221	2,419,741	2,987,973	-	-
<u>79,797</u>	<u>3,535,194</u>	<u>11,524,710</u>	<u>24,898</u>	<u>-</u>
-	-	121,171	-	-
-	-	-	(15,323)	929
-	(281,221)	4,228,097	-	-
-	-	540,290	-	-
-	-	16,796	-	-
-	-	1,205,365	-	-
-	-	226,796	-	-
-	-	-	-	-
11,286,650	-	11,286,650	-	-
-	-	154,989	-	-
-	-	53,774	-	-
-	-	-	-	-
-	-	261,935	-	-
-	-	362,285	-	-
-	-	172,547	-	-
-	-	1,176,739	-	-
-	-	-	-	-
-	-	(146,507)	-	-
-	-	-	-	-
<u>11,286,650</u>	<u>(281,221)</u>	<u>19,660,927</u>	<u>(15,323)</u>	<u>929</u>
<u>\$ 11,366,447</u>	<u>\$ 3,253,973</u>	<u>\$ 31,185,637</u>	<u>\$ 9,575</u>	<u>\$ 929</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

	<b>2003 Sales Tax Refunding</b>	<b>Debt Service 1990 and 1997 General Obligation Bond</b>	<b>Total</b>	<b>Capital Projects Urban System Roadway Reconstruction</b>
<b><u>ASSETS:</u></b>				
Cash and cash equivalents	\$ 329,290	\$ 357,827	\$ 688,467	\$ 910,181
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)				
Sales taxes	-	-	-	-
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	9,154	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 329,290</u>	<u>\$ 357,827</u>	<u>\$ 697,621</u>	<u>\$ 910,181</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	13,635
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	24,898	-
Deferred revenues	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>24,898</u>	<u>13,635</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Debt service	329,290	357,827	672,723	-
Federal programs	-	-	-	-
Council on Aging	-	-	-	-
Road lighting	-	-	-	-
Health	-	-	-	-
Communications	-	-	-	-
Capital outlay	-	-	-	-
Library	-	-	-	-
Committed to:				
Wellness programs	-	-	-	-
Public safety	-	-	-	-
Capital outlay	-	-	-	896,546
Assigned to:				
Public improvements, facilities, and equipment	-	-	-	-
Public safety	-	-	-	-
Court operations	-	-	-	-
Recreation	-	-	-	-
Recovery	-	-	-	-
Sanitation	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>329,290</u>	<u>357,827</u>	<u>672,723</u>	<u>896,546</u>
Total liabilities and fund balances	<u>\$ 329,290</u>	<u>\$ 357,827</u>	<u>\$ 697,621</u>	<u>\$ 910,181</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

<b>Capital Projects</b>			
<b>Hurricane Reconstruction</b>	<b>Courthouse Capital</b>	<b>2003 Sales Tax Bonds</b>	<b>1990 General Obligation Bond</b>
\$ 3,237,090	\$ 1,283,997	\$ 684,791	\$ 229
-	-	-	-
-	-	-	-
-	-	-	-
3,909,730	653,846	-	-
-	-	-	-
<u>\$ 7,146,820</u>	<u>\$ 1,937,843</u>	<u>\$ 684,791</u>	<u>\$ 229</u>
\$ 41,359	\$ -	\$ -	\$ -
17,813	-	-	-
-	-	-	-
1,679,139	-	-	-
-	-	-	-
<u>1,738,311</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	684,791	-
-	-	-	-
-	-	-	-
-	1,937,843	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,408,509	-	-	-
-	-	-	-
<u>5,408,509</u>	<u>1,937,843</u>	<u>684,791</u>	<u>229</u>
<u>\$ 7,146,820</u>	<u>\$ 1,937,843</u>	<u>\$ 684,791</u>	<u>\$ 229</u>

(See Auditors' Report)



**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2011**

	<u>Capital Projects</u>		<u>Total</u>
	<u>Rebuild</u>	<u>Total</u>	<u>Nonmajor</u>
	<u>St. Bernard</u>		<u>Governmental</u>
			<u>Funds</u>
<b><u>ASSETS:</u></b>			
Cash and cash equivalents	\$ 35,284	\$ 6,151,572	\$ 21,548,470
Investments	-	-	5,410,491
Receivables (net of allowances for uncollectibles)	-	-	-
Sales taxes	-	-	713,148
Ad valorem taxes	-	-	6,464,425
Intergovernmental	-	-	1,983,135
Other	-	-	730,370
Due from other funds	-	4,563,576	5,627,196
Prepays	-	-	121,171
Total assets	<u>\$ 35,284</u>	<u>\$ 10,715,148</u>	<u>\$ 42,598,406</u>
<b><u>LIABILITIES AND FUND BALANCES:</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 41,359	\$ 3,481,526
Retainage payable	-	31,448	76,765
Salaries and payroll deductions payable	-	-	702,575
Due to other funds	-	1,679,139	6,052,715
Deferred revenues	-	-	2,987,973
Total liabilities	<u>-</u>	<u>1,751,946</u>	<u>13,301,554</u>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Prepaid items	-	-	121,171
<b>Restricted for:</b>			
Debt service	-	-	672,723
Federal programs	-	-	4,228,097
Council on Aging	-	-	540,290
Road lighting	-	-	16,796
Health	-	-	1,205,365
Communications	-	-	226,796
Capital outlay	-	684,791	684,791
Library	-	-	11,286,650
<b>Committed to:</b>			
Wellness programs	-	-	154,989
Public safety	-	-	53,774
Capital outlay	35,284	2,869,673	2,869,673
<b>Assigned to:</b>			
Public improvements, facilities, and equipment	-	-	261,935
Public safety	-	-	362,285
Court operations	-	-	172,547
Recreation	-	-	1,176,739
Recovery	-	5,408,509	5,408,509
Sanitation	-	-	(146,507)
Unassigned	-	229	229
Total fund balances	<u>35,284</u>	<u>8,963,202</u>	<u>29,296,852</u>
Total liabilities and fund balances	<u>\$ 35,284</u>	<u>\$ 10,715,148</u>	<u>\$ 42,598,406</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, 2011**

	<b>Special Revenue</b>			
	<b>Criminal Court</b>	<b>Consolidated Fire Protection District No. 1-2</b>	<b>Council on Aging</b>	<b>Recreation Department</b>
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ 2,252,931	\$ 283,081	\$ 653,506
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	2,882	334	48,642
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	539,046	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	2,898	-	2,180
Other	-	130,386	-	1,372,440
Fees, charges, and commissions for services	-	37,315	-	159,810
Fines and forfeitures	266,198	-	-	-
Use of money and property	-	63	31	30
Public grants	-	-	-	-
Other revenues	13,008	49,547	24	41,179
Total revenues	<u>279,206</u>	<u>3,015,068</u>	<u>283,470</u>	<u>2,277,787</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Judicial	-	-	-	-
Other general government	30,551	-	-	-
Public safety	-	7,634,563	-	-
Public works	-	-	-	-
Health and welfare	-	-	84,579	-
Cultural and recreation	-	-	-	1,639,199
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	6,544	94,973	-	172,141
Total expenditures	<u>37,095</u>	<u>7,729,536</u>	<u>84,579</u>	<u>1,811,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>242,111</u>	<u>(4,714,468)</u>	<u>198,891</u>	<u>466,447</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	3,634,995	-	263,732
Transfers out	(247,175)	-	-	-
Total other financing sources (uses)	<u>(247,175)</u>	<u>3,634,995</u>	<u>-</u>	<u>263,732</u>
Net change in fund balances	(5,064)	(1,079,473)	198,891	730,179
Fund balances - beginning	<u>227,236</u>	<u>1,672,150</u>	<u>344,553</u>	<u>495,337</u>
Fund balances - ending	<u>\$ 222,172</u>	<u>\$ 592,677</u>	<u>\$ 543,444</u>	<u>\$ 1,225,516</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, 2011**

<b>Special Revenue</b>				
<b>Public Works</b>	<b>Road Lighting District No. 1</b>	<b>Workforce Investment Act</b>	<b>Health</b>	<b>Communications</b>
\$ 918,559	\$ 366,130	\$ -	\$ 186,671	\$ -
-	-	-	-	-
950	579	-	296	359,703
3,040	-	-	-	-
-	-	3,075,243	-	-
-	-	-	-	-
3,065	1,224	-	627	-
2,341,049	-	-	-	-
209,025	53	-	27	-
-	-	-	-	-
60	16	251	104	5
-	-	-	-	-
247,286	-	35,500	-	-
<u>3,723,034</u>	<u>368,002</u>	<u>3,110,994</u>	<u>187,725</u>	<u>359,708</u>
-	-	-	-	-
-	-	3,171,154	-	-
-	-	-	-	391,405
5,644,546	745,868	-	-	-
-	-	-	135,069	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
173,036	-	-	-	31,680
<u>5,817,582</u>	<u>745,868</u>	<u>3,171,154</u>	<u>135,069</u>	<u>423,085</u>
<u>(2,094,548)</u>	<u>(377,866)</u>	<u>(60,160)</u>	<u>52,656</u>	<u>(63,377)</u>
1,515,367	185,065	-	-	-
-	-	-	-	-
<u>1,515,367</u>	<u>185,065</u>	<u>-</u>	<u>-</u>	<u>-</u>
(579,181)	(192,801)	(60,160)	52,656	(63,377)
874,185	209,597	(4,677)	1,158,126	293,535
<u>\$ 295,004</u>	<u>\$ 16,796</u>	<u>\$ (64,837)</u>	<u>\$ 1,210,782</u>	<u>\$ 230,158</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, 2011**

	<b>Special Revenue</b>			
	<b>Housing and Redevelopment</b>	<b>Urban Mass Transportation Administration</b>	<b>Garbage District No. 1</b>	<b>Deputy Witness Fee</b>
<b><u>REVENUES:</u></b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ 918,559	\$ -
Sales and use	-	-	3,975,492	-
Other taxes, penalties, interest, etc.	-	-	950	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	6,718,798	892,928	-	-
State funds:				
Parish transportation funds	-	85,179	-	-
State revenue sharing (net)	-	-	3,065	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	27,572	132	-
Fines and forfeitures	-	-	-	79,246
Use of money and property	75	89	62	4
Public grants	-	-	-	-
Other revenues	28,581	-	-	-
Total revenues	<u>6,747,454</u>	<u>1,005,768</u>	<u>4,898,260</u>	<u>79,250</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General government				
Judicial	-	-	-	119,150
Other general government	-	649,294	-	-
Public safety	-	-	-	-
Public works	-	-	5,189,340	-
Health and welfare	6,698,758	-	-	-
Cultural and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	123,922	-	-
Total expenditures	<u>6,698,758</u>	<u>773,216</u>	<u>5,189,340</u>	<u>119,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,696</u>	<u>232,552</u>	<u>(291,080)</u>	<u>(39,900)</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers in	-	-	-	25,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	48,696	232,552	(291,080)	(14,900)
Fund balances - beginning	<u>2,691,148</u>	<u>1,606,359</u>	<u>145,736</u>	<u>(34,725)</u>
Fund balances - ending	<u>\$ 2,739,844</u>	<u>\$ 1,838,911</u>	<u>\$ (145,344)</u>	<u>\$ (49,625)</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, 2011**

Special Revenue			Debt Service	
Library	Hazard Mitigation	Total	Versailles Industrial Park Sinking	Bond Reserve 1996
\$ 1,085,377	\$ -	\$ 6,664,814	\$ -	\$ -
-	-	3,975,492	-	-
-	-	414,336	-	-
-	-	3,040	-	-
-	1,756,450	12,982,465	-	-
-	-	85,179	-	-
2,481	-	15,540	-	-
-	-	3,843,875	-	-
6,965	-	440,899	-	-
3,811	-	349,255	-	-
66,409	-	67,199	-	-
30,000	-	30,000	-	-
211	-	415,336	-	-
<u>1,195,254</u>	<u>1,756,450</u>	<u>29,287,430</u>	<u>-</u>	<u>-</u>
-	-	119,150	-	-
-	649,482	4,500,481	-	-
-	-	8,025,968	-	-
-	-	11,579,754	-	-
-	-	6,918,406	-	-
407,504	-	2,046,703	-	-
-	-	-	-	-
-	-	-	-	-
658,049	926,762	2,187,107	-	-
<u>1,065,553</u>	<u>1,576,244</u>	<u>35,377,569</u>	<u>-</u>	<u>-</u>
<u>129,701</u>	<u>180,206</u>	<u>(6,090,139)</u>	<u>-</u>	<u>-</u>
-	-	5,624,159	-	-
-	-	(247,175)	-	-
-	-	5,376,984	-	-
<u>129,701</u>	<u>180,206</u>	<u>(713,155)</u>	<u>-</u>	<u>-</u>
<u>11,156,949</u>	<u>(461,427)</u>	<u>20,374,082</u>	<u>(15,323)</u>	<u>929</u>
<u>\$ 11,286,650</u>	<u>\$ (281,221)</u>	<u>\$ 19,660,927</u>	<u>\$ (15,323)</u>	<u>\$ 929</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, 2011**

	<b>2003 Sales Tax Refunding</b>	<b>Debt Service 1990 and 1997 General Obligation Bond</b>	<b>Total</b>	<b>Capital Projects Urban System Roadway Reconstruction</b>
<b><u>REVENUES:</u></b>				
Taxes:				
Ad valorem	\$ -	\$ 666	\$ 666	\$ -
Sales and use	-	-	-	-
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	1	37	38	83
Public grants	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>1</u>	<u>703</u>	<u>704</u>	<u>83</u>
<b><u>EXPENDITURES:</u></b>				
Current:				
General government				
Judicial	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Cultural and recreation	-	-	-	-
Debt service:				
Principal	260,000	-	260,000	-
Interest and service charges	166,134	-	166,134	-
Capital outlay	-	42,650	42,650	-
Total expenditures	<u>426,134</u>	<u>42,650</u>	<u>468,784</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(426,133)</u>	<u>(41,947)</u>	<u>(468,080)</u>	<u>83</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Transfers in	430,497	-	430,497	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>430,497</u>	<u>-</u>	<u>430,497</u>	<u>-</u>
Net change in fund balances	4,364	(41,947)	(37,583)	83
Fund balances - beginning	<u>324,926</u>	<u>399,774</u>	<u>710,306</u>	<u>896,463</u>
Fund balances - ending	<u>\$ 329,290</u>	<u>\$ 357,827</u>	<u>\$ 672,723</u>	<u>\$ 896,546</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, 2011**

<b>Capital Projects</b>			
<b>Hurricane Reconstruction</b>	<b>Courthouse Capital</b>	<b>2003 Sales Tax Bonds</b>	<b>1990 General Obligation Bond</b>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	354,215	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	150	15	-
-	-	-	-
-	-	-	-
-	150	354,230	-
-	-	-	-
-	-	-	-
161,117	-	23,353	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
161,117	-	23,353	-
(161,117)	150	330,877	-
-	-	-	-
-	-	-	-
-	-	-	-
(161,117)	150	330,877	-
5,569,626	1,937,693	353,914	229
\$ 5,408,509	\$ 1,937,843	\$ 684,791	\$ 229

(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, 2011**

	<u>Capital Projects</u>		<u>Total</u>
	<u>Rebuild St. Bernard</u>	<u>Total</u>	<u>Nonmajor Governmental Funds</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem	\$ -	\$ -	\$ 6,665,480
Sales and use	-	-	3,975,492
Other taxes, penalties, interest, etc.	-	-	414,336
Licenses and permits	-	-	3,040
Intergovernmental revenues:			
Federal grants	-	354,215	13,336,680
State funds:			
Parish transportation funds	-	-	85,179
State revenue sharing (net)	-	-	15,540
Other	-	-	3,843,875
Fees, charges, and commissions for services	-	-	440,899
Fines and forfeitures	-	-	349,255
Use of money and property	4	252	67,489
Public grants	-	-	30,000
Other revenues	-	-	415,336
Total revenues	<u>4</u>	<u>354,467</u>	<u>29,642,601</u>
<b><u>EXPENDITURES:</u></b>			
Current:			
General government			
Judicial	-	-	119,150
Other general government	-	184,470	4,684,951
Public safety	-	-	8,025,968
Public works	-	-	11,579,734
Health and welfare	-	-	6,918,406
Cultural and recreation	-	-	2,046,703
Debt service:			
Principal	-	-	260,000
Interest and service charges	-	-	166,134
Capital outlay	-	-	2,229,757
Total expenditures	<u>-</u>	<u>184,470</u>	<u>36,030,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4</u>	<u>169,997</u>	<u>(6,388,222)</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Transfers in	-	-	6,054,656
Transfers out	-	-	(247,175)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,807,481</u>
Net change in fund balances	<u>4</u>	<u>169,997</u>	<u>(580,741)</u>
Fund balances - beginning	<u>35,280</u>	<u>8,793,205</u>	<u>29,877,593</u>
Fund balances - ending	<u>\$ 35,284</u>	<u>\$ 8,963,202</u>	<u>\$ 29,296,852</u>



**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR ENTERPRISE FUND DESCRIPTIONS**  
**DECEMBER 31, 2011**

**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. 2.

**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, 2011

	<b>Water District No. 1</b>	<b>Water District No. 2</b>	<b>Sewerage District No. 1</b>	<b>Sewerage District No. 2</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>ASSETS:</u></b>					
Current assets:					
Other debt service accounts	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165
Total restricted assets	<u>96,977</u>	<u>133,528</u>	<u>11,164</u>	<u>111,496</u>	<u>353,165</u>
Total current assets	<u>96,977</u>	<u>133,528</u>	<u>11,164</u>	<u>111,496</u>	<u>353,165</u>
Capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>96,977</u>	<u>133,528</u>	<u>11,164</u>	<u>111,496</u>	<u>353,165</u>
<b><u>LIABILITIES:</u></b>					
Current liabilities:					
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities:					
Accrued vacation leave	-	-	-	-	-
Bonds payable, net of unamortized debt expense	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>NET ASSETS:</u></b>					
Restricted for:					
Debt service	<u>96,977</u>	<u>133,528</u>	<u>11,164</u>	<u>111,496</u>	<u>353,165</u>
Total net assets	<u>\$ 96,977</u>	<u>\$ 133,528</u>	<u>\$ 11,164</u>	<u>\$ 111,496</u>	<u>\$ 353,165</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, 2011**

	<b>Water District No. 1</b>	<b>Water District No. 2</b>	<b>Sewerage District No. 1</b>	<b>Sewerage District No. 2</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>OPERATING REVENUES:</u></b>					
Total operating revenues	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>OPERATING EXPENSES:</u></b>					
Total operating expenses	-	-	-	-	-
Operating loss	-	-	-	-	-
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>					
Ad valorem tax for debt retirement	-	-	-	-	-
Interest earnings:					
Restricted assets	-	-	-	-	-
Deductions from taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	-	-	-	-	-
Income before transfers	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	-	-	-	-	-
Total net assets - beginning	96,977	133,528	11,164	111,496	353,165
Total net assets - ending	<u>\$ 96,977</u>	<u>\$ 133,528</u>	<u>\$ 11,164</u>	<u>\$ 111,496</u>	<u>\$ 353,165</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Water District No. 1</b>	<b>Water District No. 2</b>	<b>Sewerage District No. 1</b>	<b>Sewerage District No. 2</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>CASH FLOWS FROM OPERATING</u></b>					
<b><u>ACTIVITIES:</u></b>					
Payments to suppliers	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used by operating activities	-	-	-	-	-
<b><u>CASH FLOWS FROM CAPITAL AND</u></b>					
<b><u>RELATED FINANCING ACTIVITIES:</u></b>					
Receipts from ad valorem taxes - debt retirement	-	-	-	-	-
Net cash used by capital and related financing activities	-	-	-	-	-
<b><u>CASH FLOWS FROM INVESTING</u></b>					
<b><u>ACTIVITIES:</u></b>					
Interest on cash management activities	-	-	-	-	-
Net cash provided by investing activities	-	-	-	-	-
Net increase in cash and cash equivalents	-	-	-	-	-
Cash and cash equivalents - beginning	96,977	133,528	11,164	111,496	353,165
Cash and cash equivalents - ending	<u>\$ 96,977</u>	<u>\$ 133,528</u>	<u>\$ 11,164</u>	<u>\$ 111,496</u>	<u>\$ 353,165</u>
<b><u>Classified as:</u></b>					
Restricted cash and cash equivalents:					
Other debt service accounts	<u>\$ 96,977</u>	<u>\$ 133,528</u>	<u>\$ 11,164</u>	<u>\$ 111,496</u>	<u>\$ 353,165</u>
<b><u>Reconciliation of operating income to net</u></b>					
<b><u>cash used by operating activities:</u></b>					
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>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**INTERNAL SERVICE FUND DESCRIPTIONS**  
**DECEMBER 31, 2011**

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, 2011

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Cash and cash equivalents	\$ 1,823,310	\$ 209,237	\$ 2,032,547
Investments	859,110	-	859,110
Receivables, net of allowance	1,405	-	1,405
Due from other funds	286,909	972,739	1,259,648
Prepays	346,162	-	346,162
	<u>3,316,896</u>	<u>1,181,976</u>	<u>4,498,872</u>
Total assets			
<b><u>LIABILITIES:</u></b>			
Accounts payable	314,945	502	315,447
Self insurance claims payable	2,222,757	117,621	2,340,378
Salaries and payroll deductions payable	(61)	-	(61)
Due to other funds	<u>-</u>	<u>261,292</u>	<u>261,292</u>
Total liabilities	<u>2,537,641</u>	<u>379,415</u>	<u>2,917,056</u>
<b><u>NET ASSETS:</u></b>			
Restricted	<u>779,255</u>	<u>802,561</u>	<u>1,581,816</u>
Total net assets	<u>\$ 779,255</u>	<u>\$ 802,561</u>	<u>\$ 1,581,816</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, 2011**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for services	\$ 1,449,890	\$ 400,000	\$ 1,849,890
Other operating revenues	298	-	298
Total operating revenues	<u>1,450,188</u>	<u>400,000</u>	<u>1,850,188</u>
<b><u>OPERATING EXPENSES:</u></b>			
Personal services and related benefits	158,498	52,832	211,330
Professional services	48,894	5,046	53,940
Insurance premiums	1,195,469	165,300	1,360,769
Other	5,890	1,963	7,853
Total operating expenses	<u>1,408,751</u>	<u>225,141</u>	<u>1,633,892</u>
Operating income	<u>41,437</u>	<u>174,859</u>	<u>216,296</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest earnings and service charges	6,601	5	6,606
Total nonoperating revenues (expenses)	<u>6,601</u>	<u>5</u>	<u>6,606</u>
Income before transfers	48,038	174,864	222,902
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	48,038	174,864	222,902
Total net assets - beginning	<u>731,217</u>	<u>627,697</u>	<u>1,358,914</u>
Total net assets - ending	<u>\$ 779,255</u>	<u>\$ 802,561</u>	<u>\$ 1,581,816</u>

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Receipts from customers	\$ 1,450,188	\$ 400,000	\$ 1,850,188
Payments to suppliers	(1,086,306)	(352,433)	(1,438,739)
Payments to employees	(158,498)	(52,832)	(211,330)
Net cash provided (used) by operating activities	<u>205,384</u>	<u>(5,265)</u>	<u>200,119</u>
<b><u>CASH FLOWS FROM INVESTING</u></b>			
<b><u>ACTIVITIES:</u></b>			
Purchase of investments	(6,793)	-	(6,793)
Interest on cash management activities	<u>6,601</u>	<u>5</u>	<u>6,606</u>
Net cash provided by investing activities	<u>(192)</u>	<u>5</u>	<u>(187)</u>
Net increase (decrease) in cash and cash equivalents	205,192	(5,260)	199,932
Cash and cash equivalents - beginning	<u>1,618,118</u>	<u>214,497</u>	<u>1,832,615</u>
Cash and cash equivalents - ending	<u><u>\$ 1,823,310</u></u>	<u><u>\$ 209,237</u></u>	<u><u>\$ 2,032,547</u></u>
<b>Classified as:</b>			
Cash and cash equivalents	<u><u>\$ 1,823,310</u></u>	<u><u>\$ 209,237</u></u>	<u><u>\$ 2,032,547</u></u>
<b><u>Reconciliation of operating income to net</u></b>			
<b><u>cash used by operating activities:</u></b>			
Operating income	\$ 41,437	\$ 174,859	\$ 216,296
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) in due from (to) other funds	-	(207,532)	(207,532)
(Increase) in prepaid expenses	(22,676)	-	(22,676)
Decrease in accounts payable and accruals	29,426	452	29,878
Increase in self insurance claims payable	157,258	26,956	184,214
(Decrease) in salaries and payroll deductions payable	(61)	-	(61)
Total adjustments	<u>163,947</u>	<u>(180,124)</u>	<u>(16,177)</u>
Net cash provided (used) by operating activities	<u><u>\$ 205,384</u></u>	<u><u>\$ (5,265)</u></u>	<u><u>\$ 200,119</u></u>



**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF COUNCIL MEMBERS COMPENSATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Frank Auderer, Jr., Chairman	\$ 8,400
Wayne J. Landry, Jr., Councilman at Large (East)	7,200
Ray Lauga, Jr., District A	7,200
George Cavnac, District B	7,200
Kenneth Henderson, District C	7,200
Mike Ginart, Jr., District D	7,200
Fred Everhardt, Jr., 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.

**ST. BERNARD PARISH GOVERNMENT**  
**WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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, 2011, the Parish received gross tax revenues of \$359,703 for Emergency 911.

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2011**

At December 31, 2011, the St. Bernard Parish Government Department of Public Works Water and Sewer Division had 15,623 metered customers.

## **SINGLE AUDIT SECTION**

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters Grant	97.044	EMW-2010-FO-9809	\$ 48,546
FEMA Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2009-FH-01009	490,500
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness:</i>			
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR1603	183,153,390
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR1786	180,747
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR1792	1,013
Total CFDA 97.036			183,335,150
Non-Profit Security Program	97.008	2008-GE-T8-0013	86,047
Non-Profit Security Program	97.008	2009-SS-T9-0059	25,153
Non-Profit Security Program	97.008	2010-SS-T0-0045	11,979
Total CFDA 97.008			123,179
Emergency Management Performance Grants	97.042	2010-EP-E0-0058	21,632
Emergency Management Performance Grants	97.042	EMW-2011-EP-0059	17,562
Total CFDA 97.042			39,194
State Homeland Security Program	97.073	2008-GE-T8-0013	72,212
State Homeland Security Program	97.073	2009-SS-T9-0059	60,362
Total CFDA 97.073			132,574
Hazard Mitigation Grant	97.039	1603-087-0001	741,361
Hazard Mitigation Grant	97.039	1607-087-0001	159,022
Hazard Mitigation Grant	97.039	1603C-087-0007	744,908
Hazard Mitigation Grant	97.039	1603N-87-0003	111,159
Hazard Mitigation Grant - Planning Pilot Program	97.039	1603-087-0002	47,250
Hazard Mitigation Grant - Wind Retrofit	97.039	1603C-087-0004	549,305
Hazard Mitigation Grant - Generator Platform	97.039	1786-087-0001	55,624
Hazard Mitigation Grant - Statewide Generator Program	97.039	1603-DR-LA-0079	162,799
Total CFDA 97.039			2,571,428
Citizen Corps Grant	97.053	2008-GE-T8-0013	4,878
Citizen Corps Grant	97.053	2009-SS-T9-0059	5,194
Citizen Corps Grant	97.053	2010-SS-T0-0043	137
Total CFDA 97.053			10,209
Total U.S. Department of Homeland Security			186,750,780
<b>U.S. Department of Labor</b>			
<i>Pass - Through Louisiana Department of Labor:</i>			
WIA Reemployment Services	17.207	676895	326,393
WIA Cluster:			
WIA Adult Program	17.258	676895	392,374
WIA Youth Activities	17.259	676895	323,299
WIA Dislocated Workers	17.260	676895/678553/671523	1,359,566
WIA Dislocated Workers Formula Grant	17.278	676895	185,460
WIA National Emergency Grant - Deepwater Horizon	17.277	676895	118,600
ARRA - WIA 10%	17.258/17.259/17.260	676895	46,700
ARRA - WIA Adult Program	17.258	676895	135,741
ARRA - WIA Youth Activities	17.259	676895	30,978
ARRA - WIA Dislocated Workers	17.260	676895	63,308
Total WIA Cluster			2,656,026
Total U.S. Department of Labor			2,982,419
<b>U.S. Department of Transportation</b>			
Federal Transit Formula Grants	20.507		773,216
Total U.S. Department of Transportation			773,216

(See Auditors' Report and Accompanying Notes To Schedule of Expenditures of Federal Awards)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor/Pass-Through or Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Section 8 Housing Choice Vouchers	14.871		5,750,286
<i>Pass - Through Louisiana Office of Community Development:</i>			
Community Development Block Grants/Entitlement Grants	14.218	668266	50,009,919
<i>Pass - Through Louisiana Department of Social Services:</i>			
ARRA - Homeless Prevention and Rapid Re-Housing	14.257		132,302
Emergency Shelter Grants Program	14.231	665963	22,420
Total U.S. Department of Housing and Urban Development			55,914,927
<b>U.S. Department of Agriculture</b>			
<i>Pass - Through Louisiana Department of Labor</i>			
State Administrative Matching Grant for Supplemental Nutrition Assistance Progr	10.561	697016	92,824
Total U.S. Department of Agriculture			92,824
<b>U.S. Department of Health and Human Services</b>			
<i>Pass Through Louisiana Office of Public Health:</i>			
Public Health Emergency Preparedness - City Readiness Initiative	93.069	2009	32,379
<i>Pass Through Louisiana Housing Finance Agency:</i>			
Low-Income Home Energy Assistance	93.568		635,080
Community Service Block Grant Cluster	93.569	2010P0081	201,130
Total U.S. Department of Health and Human Services			868,589
<b>U.S. Department of Entergy</b>			
<i>Pass Through Louisiana Department of Natural Resources:</i>			
ARRA - Energy Efficiency and Conservation Block Grant	81.128		18,171
Total U.S. Department of Entergy			18,171
<b>U.S. National Endowment for the Arts</b>			
Promotion of the Art - Grants to Organizations and Individuals	45.024	10-4200-7060	18,000
Total U.S. National Endowment for the Arts			18,000
<b>U.S. Environmental Protection Agency</b>			
<i>Pass Through UNO Research Technology Foundation:</i>			
Congressionally Mandated Projects	66.202	EM-96664201	150,000
Congressionally Mandated Projects	66.202	EM-96664501	35,654
Total CFDA 66.202			185,654
Total U.S. Environmental Protection Agency			185,654
<b>U.S. Department of the Interior</b>			
American Battlefield Protection	15.926	GA-0225-09-024	36,954
Coastal Impact Assistance Program	15.426	PO-73	20,785
Total U.S. Department of the Interior			57,739
Total Expenditures of Federal Awards			\$ 247,662,319

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**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 (the Parish) are included in the scope of the single audit. Those programs which were major grants and which were selected for specific testing were:

Disaster Grants - Public Assistance - FEMA (CFDA No. 97.036)  
Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)  
Section 8 Housing Choice Vouchers (CFDA No. 14.871)  
Federal Transit Formula Grant (CFDA No. 20.507)

**NOTE 2 – FISCAL PERIOD AUDIT**

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2011.

**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.

**PASS-THROUGH ENTITY INFORMATION**

Pass-through entity identifying numbers are presented where available.

**NON-CASH ASSISTANCE**

As further described in Note 8 to the financial statements, the Parish has an outstanding Community Disaster Loan (CFDA No. 97.030), originating in June 2009, payable to the U.S. Department of Homeland Security totaling principle and accrued interest of \$5,239,576 as of December 31, 2011.

**PAYMENTS TO SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the Parish provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grant	\$ 37,244,525
14.231	Emergency Shelter Grants Program	22,420
14.257	ARRA - Homeless Prevention and Rapid Re-Housing	66,425
97.008	Non-Profit Security Program	50,399
97.073	State Homeland Security Program	19,071
97.053	Citizen Corps Grant	2,865
		<u>\$ 37,405,705</u>

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE\*  
KEVIN M. NEYREY  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD†  
JAMES E. TONGLET†

\*PROFESSIONAL CORPORATION  
†LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - DECEASED  
J.V. LECLERE KRENTEL - DECEASED

### 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of St. Bernard Parish Government as of and for the year ended December 31, 2011, which collectively comprise St. Bernard Parish Government's basic financial statements and have issued our report thereon dated June 30, 2012. 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

Management of St. Bernard Parish Government is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered St. Bernard Parish Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of St. Bernard Parish Government'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-02, 2011-03, 2011-08, 2011-09 and 2011-10 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2011-01, 2011-04, 2011-05, 2011-06, 2011-07, 2011-11 and 2011-12 to be significant deficiencies.



To the St. Bernard Parish Council  
June 30, 2012

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Bernard Parish Government'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 2011-01, 2011-10, 2011-11 and 2011-12.

We noted certain other matters that we reported to management of St. Bernard Parish Government in a separate letter dated June 30, 2012.

St. Bernard Parish Government's responses to the findings identified in our audit are described in the accompanying Management's Corrective Action Plans. We did not audit St. Bernard Parish Government's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Parish Council, 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.

June 30, 2012

*Erickson, Krentel & La Porte, LLP*

Certified Public Accountants

4227 CANAL STREET  
NEW ORLEANS, LOUISIANA 70119-5996  
TELEPHONE (504) 486-7275 • FAX (504) 482-2516  
WWW.ERICKSENKRENTEL.COM

JAMES E. LA PORTE\*  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 St. Bernard Parish Government's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of St. Bernard Parish Government's major federal programs for the year ended December 31, 2011. St. Bernard Parish Government'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 St. Bernard Parish Government's management. Our responsibility is to express an opinion on St. Bernard Parish Government'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 Government'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 Government's compliance with those requirements.

As described in items 2011-10 in the accompanying schedule of findings and questioned costs, St. Bernard Parish Government, did not comply with requirements regarding Special Tests and Provisions that are applicable to its Section 8 Housing Choice Voucher Grant. Compliance with such requirements is necessary, in our opinion, for St. Bernard Parish Government, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, St. Bernard Parish Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-11 and 2011-12.

To the St. Bernard Parish Council  
June 30, 2012

**Internal Control Over Compliance**

Management of St. Bernard Parish Government 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 Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Government's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-10 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-11 and 2011-12 to be significant deficiencies.

St. Bernard Parish Government's responses to the findings identified in our audit are described in the accompanying Management's Corrective Action Plans. We did not audit St. Bernard Parish Government's responses and, accordingly, we express no opinion on the responses.

This report is intended for the information of management, the Parish Council, others within the entity, 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.

June 30, 2012

*Ericksen, Krentel & La Porte, LLP*

Certified Public Accountants

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

We have audited the financial statements of St. Bernard Parish as of and for the year ended December 31, 2011, and have issued our report thereon dated June 30, 2012. 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, 2011 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

Management Letter   X   Yes      No

b. Federal Awards

Internal Control

Material Weaknesses   X   Yes      No

Significant Deficiencies   X   Yes      No

Type of Opinion on Compliance   Unqualified      Qualified   X    
for Major Programs           Disclaimer      Adverse     

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

  X   Yes      N

c. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
----------------	--------------------------------------

<u>See Schedule of Federal Awards</u>	
<u> </u>	
<u> </u>	

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 GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT**

**2011-01 Local Government Budget Act – Expenditures in Excess of Budgeted Amounts**

Condition – The Parish did not amend its adopted budget for the Community Development Block Grant Disaster Fund and the Disaster Recovery Fund when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

Criteria – The Parish adopted its 2011 operating revenue and expenditure budget by passage of ordinance. Budgets were adopted for the general and each special revenue fund. The Local Government Budget Act, LSA-RS 39:1301 et seq, requires that a local government amend its budget when actual expenses are expected to be significantly in excess of budgeted amounts.

Effect – The Parish was not in compliance with the Local Government Budget Act.

Cause – The Parish was unable to obtain from CDM Smith complete information on federal disaster recovery expenditures in a sufficient timely manner to amend the Parish budget.

Recommendation – We recommend that the Finance Director or other qualified Finance Department personnel assess the effect of accruals in monitoring budget to actual comparisons on a regular basis to provide timely information to the Parish Council so that proper budget amendments can be made.

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

**2011-02 Significant Liabilities Recorded in Wrong Period**

Condition – Audit testing identified \$6,108,110 of accounts payable that should have been recorded on the fund financial statements at December 31, 2011, but were incorrectly recorded subsequent to year end.

Criteria – Generally accepted accounting principles requires that expenditures be recognized under the modified-accrual basis of accounting when the related fund liability is incurred.

Effect – Material financial statement categories of accounts payable were misstated, requiring significant adjustments prior to the issuance of the financial statements.

Cause – Substantially all of the unrecorded liabilities related to disaster recovery expenditures, including construction activities. Much of the support for these transactions is maintained by the Recovery Department working in conjunction with an outside consulting firm. This group provides the Finance Department information regarding these transactions for recordation in the general ledger. No one from the Parish Finance Department is responsible for verifying the accuracy of the information provided by the Recovery Department.

Recommendation – The Finance Director should oversee and review the reconciliation of all liabilities at year end to determine that all obligations of the Parish are identified and properly reflected in the financial statements in the proper period.

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

**2011-03 Internal Controls over Fixed Asset data**

Condition – The Parish failed to maintain its fixed asset database on a timely basis. Significant 2011 asset additions were not accurately identified, quantified and added to the fixed asset system until June 2012. In addition, in late 2011 the electronic data files were corrupted. New personnel in the IT Department were unable to locate and restore adequate backup files until well into 2012.

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Criteria – A sound system of internal controls over property and equipment should include a process for timely and accurately updating fixed asset records for additions, disposals and other adjustments. Information technology controls should establish a written process for storage, retrieval and restoration of data backup files.

Effect – Until corrective actions were taken, the Parish could not produce a complete and accurate fixed asset report on a timely basis, which could have resulted in a material misstatement of property and equipment in the government-wide financial statements.

Cause – The information necessary to accurately identify and quantify additions and disposals and update the fixed asset system for such items was not compiled regularly by the Finance Department. The responsibility for maintaining and restoring the data backup files rests with the Parish IT Department and not with the Finance Department. In the administrative transition, new IT personnel were not properly instructed on the location of backup files and the process to retrieve and restore those files. When the backups were needed, the Finance Department was unable to restore the data and complete the fixed asset schedules on a timely basis.

Recommendation – The Finance Department should assign responsibility for accurately identifying, quantifying and adding fixed asset additions, deletions and adjustments to the fixed asset system to qualified personnel within the department. Senior level Finance Department personnel should maintain oversight and review responsibilities to ensure that these tasks are done timely. While data backups should be maintained by the IT Department, the location and process for restoration of such backups should be well-documented so that the Finance Department can maintain control over information necessary for timely and accurate financial reporting.

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

**2011-04 Consolidated Cash Account**

Condition – During the year the Parish allowed the consolidated cash general ledger balance in several funds to be reduced below zero. At year end the consolidated cash balances in the General Fund, the Consolidated Fire Protection Districts Fund, and the Human Resources Fund had negative balances, essentially borrowing the cash from other funds that had positive balances in the consolidated cash account.

Criteria – Generally accepted accounting principles require that interfund transactions be recorded as either interfund payables and receivables or interfund transfers.

Effect – Interfund transactions were not properly accounted for.

Cause – The Parish lacks internal controls over the consolidated cash account. No one is responsible for managing the daily balances by fund to identify when the expenditures in a particular fund cause that fund's consolidated cash balance to be overdrawn.

Recommendation – Qualified Finance Department personnel should be assigned to monitor the consolidated cash balance by fund. Rather than allowing a fund to overdraw its allocation in the consolidated cash account, an interfund transaction such as an interfund payable/receivable or an interfund transfer should be recorded.

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

**2011-05 Library Fund General Ledger Maintained on a Cash Basis**

Condition – During our testing, it was noted that the Library Fund general ledger is maintained on a cash basis of accounting.

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Criteria – Generally accepted accounting principles only provide for the use of two different basis of accounting by governments; the accrual basis and the modified accrual basis. Cash basis is not an acceptable basis of accounting for governments.

Effect – The trial balance of the Library Fund was misstated at year end. Journal entries needed to be recorded during the audit to adjust the general ledger of the Library Fund to the modified accrual basis of accounting.

Cause – The employees of the Library Fund were unaware that the trial balances needed to be adjusted to reflect the modified accrual basis of accounting and the Finance Department failed to make the required entries before providing the trial balances to the audit team.

Recommendation – The Finance Director or other qualified Finance Department personnel should be responsible for making sure all funds are recorded on the modified accrual basis of accounting.

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

**2011-06 Lack of Internal Control over Cash Receipts**

Condition – During our audit testing of cash receipts, it was noted that the proper support for several transactions was not readily available and could not be retrieved in a timely manner.

Criteria – The Parish should maintain all supporting documentation, such as receipts and invoices.

Effect – The Parish did not have proper supporting documentation for certain receipts.

Cause – The Parish's procedures relating to proper filing of supporting documentation were not followed.

Recommendation – We recommend that the Finance Department ensure that all supporting documentation is filed properly.

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

**2011-07 Credit Card Transactions**

Condition – During our testing of credit card transactions, we noted several transactions that appeared to be of a personal nature that were not timely reimbursed by the Parish President.

Criteria: State revised statutes prohibit public funds to be used for non-public purposes.

Effect: Parish funds were advanced for transactions of a personal nature without being timely reimbursed.

Cause: The Parish's procedures for credit card purchases and the procedures relating to proper filing of supporting documentation were not followed.

Recommendation: We recommend the Parish adhere to its written credit card use policy prohibiting transactions of a personal nature and require that anyone using a credit card for Parish purchases turn in all copies of receipts for the purchases. We also recommend that the Finance Department ensure that all supporting documentation is obtained before paying invoices and that the documentation is filed properly once the invoice is paid.

Response: See Management's Corrective Action Plan for their responses.

**2011-08 Use of Subsidiary Ledger to Document Receivable Reconciliation**

Condition – No formal, written reconciliation of the receivable posting report to the general ledger is maintained for several receivable accounts.

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

Criteria – A receivable subsidiary ledger should be used to formally reconcile and support the grant and other receivable balances. Formal reconciliations ensure the early detection of problems, and will provide management assurance that the reconciliations are actually being performed.

Effect – Several receivable balances were unchanged from the prior year. While other accounts had activity, it could not be easily determined which accounts were still unpaid. The details of the receivables could not be readily provided.

Cause – There were no controls in place to regularly monitor receivable balances.

Recommendation – The Finance Director or other qualified Finance Department personnel should be responsible for maintaining receivable subsidiary ledgers to support all grant and other receivables.

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

**2011-09 Oversight and Management of Recovery-Driven Federal Expenditures**

Condition – Beginning in late 2005 and continuing through 2011, the Parish has received significant federal financial assistance in the form of Federal Emergency Management Agency (FEMA) grants to fund the massive recovery effort to rebuild and repopulate St. Bernard Parish following Hurricane Katrina. The Parish has outsourced the oversight and management of the entire recovery process to a third party administrator that has acted with the authority of the Parish to approve recovery expenditures and file the required documents for reimbursement from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). As the recovery process has wound down, GOHSEP engaged an outside firm to perform a pre-closeout assessment of the recovery funding process. This assessment has raised questions regarding the process to approve and account for recovery expenditures and the application process for reimbursement. Several projects had significant cost overruns beyond the federal obligated funding amounts. Numerous projects have not been closed out because of lingering questions surrounding the eligibility of costs submitted.

Criteria – A sound system of internal controls over the recovery effort would assign the responsibility for the oversight and management of the effort, with timelines and benchmarks used for assessment.

Effect – The Parish may face a shortfall of funding and potential liability as it closes out the recovery process.

Cause – The outside firm's pre-closeout assessment noted the following:

There has been a lack of staff conducting pre-closeout tasks necessary to expedite efficient closeout of the Project Worksheets (PWs) in a timely manner. There has been limited personnel (restricted to the one contractor) with detailed understanding of the PW status and process.

The Parish's document retention practices and use of SharePoint to maintain documentation is effective, but their PW/grants management database has under-performed. Some data integrity issues were noted within the system, largely driven by current design and configuration flaws. The necessary data is largely available, but not effectively configured for management's use or decision making.

St. Bernard Parish personnel were not empowered to provide oversight or maintain accountability over the recovery effort. Disaster recovery accountability has largely been relinquished to the third party administrator.

Recommendation – The Parish should follow the Pre-Closeout Readiness Steps and other recommendations of the outside firm documented in its pre-closeout assessment.

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



**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

See additional findings 2011-10, 2011-11 and 2011-12 below as instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

**SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR AWARD PROGRAMS AUDIT**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**14.871: Section 8 Housing Choice Vouchers**

**2011-10 Financial Management Review Performed by HUD**

Condition – The Quality Assurance Division (QAD) of the U.S. Department of Housing and Urban Development issued a Financial Management Review Report on the St. Bernard Parish Housing Authority (SBPHA) dated May 21, 2012. The HUD report identified four findings summarized as follows: (1) SBPHA's total cash and investments as of December 31, 2011 were insufficient to support its Net Restricted Assets (NRA) as calculated by QAD by \$2,081,474; (2) SBPHA underreported its NRA balance as of December 31, 2011 by \$1,203,676; (3) SBPHA did not maintain complete and accurate record of administrative expenses for 2011; and (4) SBPHA failed to submit audited financial reports to HUD using the Financial Assessment Subsystem (FASS) for the fiscal years ended 2007-2010.

Criteria – HUD regulations require the following: (1) PHA program receipts in excess of current needs must be promptly invested in accordance with good cash management; (2) PHA must maintain complete and accurate accounts and records; these records must be in the form required by HUD; and (3) PHA's are required to submit their yearend financial information to HUD through FASS.

Effect – (1) As a result of improper tracking and use of HUD funds, the PHA is in violation of the appropriation law, and such illegal uses of transfers can result in sanctions and possible breach of the contract. The miss-representation of funds failed to provide HUD with information that would allow early intervention to avoid potential shortfall resulting in possible termination of participants; (2) By failing to maintain complete and accurate accounts and other records, HUD was not supplied with information useful in determining the NRA balance; (3) SBPHA failed to provide HUD with an accurate reflection of the true administrative expenses for 2011 in the administration of the program; (4) By failing to submit the fiscal year end financial information to HUD through FASS, the SBPHA failed to provide HUD with information useful in determining annual funding, administrative expenses, NRA balance and its actual financial position.

Cause – (1) The Parish continued to receive funding for HAP during the period the Public Housing Authority (PHA) was closed in the amount of approximately \$1,708,179. However, neither the PHA nor the Parish were unable to document where the HCV HAP funds received during that period of time were deposited. HUD offset a portion of these funds in CY2009, however the SBPHA received DHAP to HCV funding for this same time period which the PHA used to fund both the DHAP to HCV and the regular voucher program. (2) SBPHA failed to properly calculate their NRA balance. However, due to the condition of the financial records and the lack of supporting documentation QAD was unable to identify the exact cause. (3) SBPHA financial records were not maintained in accordance with HUD requirements. (4) The Parish has had a government-wide audit conducted each year but has failed to submit the PHA component unit required audited Financial Data schedules to FASS.

Recommendation – We recommend the SBPHA follow all correction actions provided in the Financial Management Review Report issued by the QAD of HUD.

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

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**14.218: Community Development Block Grant/Entitlement Grants**

**2011-11 Lack of Subrecipient Monitoring**

Condition – The Parish failed to provide subaward documents which would identify to the subrecipient the federal award information and applicable compliance requirements. There are no subrecipient monitoring policies and procedures in place.

Criteria – At the time of the subaward, the Parish should have identified to the subrecipient the federal award information (i.e., CFDA title and number; award name, and number; if the award is research and development; and name of federal awarding agency) and applicable compliance requirements. There should be monitoring policies and procedures in place to determine that the subrecipient administers federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Effect – The Parish failed to identify funds being passed through to a non-profit entity as qualifying as a subrecipient grant.

Cause – The Parish was unaware that the funds provided and passed through qualified as a subrecipient grant.

Recommendation – The Finance Director or other qualified Finance Department personnel should provide subaward documents to the subrecipient and create and follow subrecipient monitoring policies and procedures.

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

**U.S. DEPARTMENT OF HOMELAND SECURITY**  
**97.036: Disaster Grants – Public Assistance – FEMA**

**2011-12 Property Records Missing Required Grant Information**

Condition – The Parish failed to identify source, percentage of federal participation in the cost, location, and condition of property and equipment purchased with federal funds on the property records report.

Criteria – Property records should contain description (including serial number or other identification number), source, who holds title, acquisition date and cost, percentage of federal participation in the cost, location, condition, and disposition data.

Effect – Assets purchased with federal funds are not tracked as such, therefore should the assets be disposed of, the proper disposal procedures for federally purchased assets would not be followed.

Cause – The Finance Department was unaware of this requirement.

Recommendation – The Finance Director or other qualified Finance Department personnel should retain all required information on the property records report for property and equipment purchased with federal funds.

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

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**FINANCIAL STATEMENT FINDINGS**

**2010-01 Local Government Budget Act**

The Parish did not amend its adopted budget for the certain funds when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

This issue remains in finding 2011-01.

**SINGLE AUDIT FINDINGS**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
14.871: Section 8 Housing Choice Vouchers**

**2010-02 Improperly Maintaining Documents Relevant to HUD Requirements**

The Parish did not retain and maintain relevant documents that are necessary in order to be in compliance with HUD requirements. The types of documents not retained included annual move-in inspection forms, citizenship declaration forms, family consent to release information forms (HUD-9886), and HAP contracts.

Parish management should designate someone to ensure that all required documents are retained and stored within the appropriate HUD recipient's permanent file.

This issue remains in finding 2011-08.

**2010-03 Lack of Segregation of Duties**

The Parish failed to maintain appropriate segregation of duties consistent with the internal control objectives over its HCV Program.

This issue has been resolved.

**2010-04 Non-Compliance with Section 504 of the Rehabilitation Act of 1973**

On October 7, 2010, HUD issued to the Parish its Letter of Findings of Non Compliance with Section 504. The letter noted that the Parish neither articulated a reasonable accommodation policy in its public notices nor provided a process by which disabled applicants who were unable to wait in line could request a reasonable accommodation prior to December 4, 2008. As a result, the Parish's Housing Choice Voucher application process was inaccessible to otherwise qualified applicants with disabilities. Additionally, HUD determined that the Parish failed to affirmatively market the HCV Program to persons with disabilities and limited English speaking persons.

This issue has been resolved.



# *St. Bernard Parish Government*

8201 West Judge Perez Drive  
Phone (504) 278-4200

Chalmette, Louisiana 70043  
Fax (504) 278-4264

**David E. Peralta**  
**Parish President**

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

Department of Housing and Urban Development  
Department of Homeland Security

St. Bernard Parish Government respectfully submits the following corrective action plan for the year ended December 31, 2011.

Name and address of independent public accounting firm:

Ericksen Krentel & LaPorte L.L.P.  
4227 Canal Street  
New Orleans, LA 70119

Audit Period: January 1, 2011 – December 31, 2011

The findings from the December 31, 2011 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## **SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT**

### **Finding 2011-01 Local Government Budget Act – Expenditures in Excess of Budgeted Amounts**

**Condition:** The Parish did not amend its adopted budget for the Community Development Block Grant Disaster Fund and the Disaster Recovery Fund when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

**Response:** Finance Department to develop monthly close out schedule. Employee has been assigned the responsibility of monitoring budget to actual expenditures and revenues. Variances are to be reported to Finance Director by 15th of the month. Appropriate notification and Council action will take place if necessary. Difficulties obtaining accurate and timely information from CDM resulted in misstated end of year budget amendment. Administration will require monthly financial reports from CDM. St. Bernard and CDM financials to be reconciled on a monthly basis.

### **Finding 2011-02 Significant Liabilities Recorded in the Wrong Period**

**Condition:** Audit testing identified \$6,108,110 of accounts payable that should have been recorded on the fund financial statements at December 31, 2011, but were incorrectly recorded subsequent to year end.

**Response:** Finance Department to develop monthly close out schedule. Finance Department has assigned and trained employee to verify with the Recovery Department and accurately record liabilities. Finance Department will require monthly financial reports from CDM. CDM and St. Bernard Parish Government Financial statements to be reconciled on a monthly basis.

### **Finding 2011-03 Internal Control over Fixed Asset Data**

**Condition:** The Parish failed to maintain its fixed asset database on a timely basis. Significant 2011 asset additions were not accurately identified, quantified and added to the fixed asset system until June 2012. In addition, in late 2011 the electronic data files were corrupted. New personnel in the IT Department were unable to locate and restore adequate backup files until well into 2012.

**Response:** IT Department now provides daily back up of all software.

### **Finding 2011-04 Consolidated Cash Account**

**Condition:** During the year the Parish allowed the consolidated cash general ledger balance in several funds to be reduced below zero. At year end the consolidated cash balances in the General Fund, the Consolidated Fire Protection Districts Fund, and the Human Resources Fund had negative balances, essentially borrowing the cash from other funds that had positive balances in the consolidated cash account.

**Response:** Finance Department to develop monthly close out schedule. Finance Department has assigned and trained employee to verify fund balances and record interfund transfers as needed. A significant portion of the fund deficit resulted from grant advances. The Finance Department will require Grants Department to provide advance notice of funds needed. Finance Department to develop monthly close out schedule and will require monthly reconciliation.

### **Finding 2011-05 Library Fund General Ledger Maintained on a Cash Basis**

**Condition:** During audit testing, it was noted that the Library Fund general ledger is maintained on a cash basis of accounting.

**Response:** St. Bernard Parish Government to train Library Finance Department on monthly close out procedure and monitor for accuracy. St. Bernard Parish Administration will notify Library Board of non-compliance.

### **Finding 2011-06 Library Fund General Ledger Maintained on a Cash Basis**

**Condition:** During audit testing of cash receipts, it was noted that the proper support for several transactions was not readily available and could not be retrieved in a timely manner.

**Response:** Finance Department has replaced former employee responsible for this task. New employee has been properly trained in records verification and retention. A monthly close out schedule to be implemented.

### **Finding 2011-07 Credit Card Transactions**

**Condition:** During audit testing of credit card transactions, we noted several transactions that appeared to be of a personal nature that were not timely reimbursed by the Parish President.

**Response:** Finance Department developed and implemented new credit card policy. St Bernard Parish Government Parish has three credit cards available for limited use. Usage will be curtailed for those not complying with policy.

### **Finding 2011-08 Use of Subsidiary Ledger to Document Receivable Reconciliation**

**Condition:** No formal, written reconciliation of the receivable posting report to the general ledger is maintained for several receivable accounts.

**Response:** Finance Department has assigned and trained employee to develop subsidiary ledgers to document receivables. Practice to be incorporated into monthly close out schedule.

### **Finding 2011-09 Oversight and Management of Recovery-Driven Federal Expenditures**

**Condition:** Beginning in late 2005 and continuing through 2011, the Parish has received significant federal financial assistance in the form of Federal Emergency Management Agency (FEMA) grants to fund the massive recovery effort to rebuild and repopulate St. Bernard Parish following Hurricane Katrina. The Parish has outsourced the oversight and management of the entire recovery process to a third party administrator that has acted with the authority of the Parish to approve recovery expenditures and file the required documents for reimbursement from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). As the recovery process has wound down, GOHSEP engaged an outside firm to perform a pre-closeout assessment of the recovery funding process. This assessment has raised questions regarding the process to approve and account for recovery expenditures and the application process for reimbursement. Several projects had significant cost overruns beyond the federal obligated funding amounts. Numerous projects have not been closed out because of lingering questions surrounding the eligibility of costs submitted.

**Response:** St. Bernard Parish Government to exercise greater control and management of third-party contractor by conducting regular status meetings with the project management team to ensure understanding of St. Bernard Parish's liabilities and review of outstanding invoices. Parish Government to exert oversight and direct involvement with major project decisions. Third Party Administrator will be required to expand version management/tracking capabilities within the system; adding capabilities of tracking versions and liabilities owed GOHSEP and contractors at the Project Worksheet level.

## **SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR AWARD PROGRAMS AUDIT**

### **U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

#### **14.871 Section 8 Housing Choice Vouchers**

### **Finding 2011-10 Financial Management Review Performed by HUD**

**Condition:** The Quality Assurance Division (QAD) of the U.S. Department of Housing and Urban Development issued a Financial Management Review Report on the St. Bernard Parish Housing Authority (SBPHA) dated May 21, 2012. The HUD report identified four findings summarized as follows: (1) SBPHA's total cash and investments as of December 31, 2011 were insufficient to support its Net Restricted Assets (NRA) as calculated by QAD by \$2,081,474; (2) SBPHA underreported its NRA balance as of December 31, 2011 by \$1,203,676; (3) SBPHA did not maintain complete and accurate record of administrative expenses for 2011; and (4) SBPHA failed to submit audited financial reports to HUD using the Financial Assessment Subsystem (FASS) for the fiscal years ended 2007-2010.

**Response:** St. Bernard Parish Housing Authority has engaged the services of Rigby Financial Group to perform a forensic audit and study of our system on internal control, of which the objectives are to satisfy the claims and deficiencies levied against SBPHA by HUD's Quality Assurance Division, to strengthen our system of internal controls and procedures, and to help us get in compliance with HUD in regard to any unfiled financial reporting that may be required. SBPHA also, whenever possible, sends its employees to seminars and training sessions sponsored by Nan McKay, a leading national authority in housing training, the state of Louisiana, or HUD itself, to improve their skills that are necessary to implement the day to day tasks involved in the operations of SBPHA.

#### **14.218 Community Development Block Grant/Entitlement Grants**

### **Finding 2011-11 Lack of Subrecipient Monitoring**

**Condition:** The Parish failed to provide subaward documents which would identify to the subrecipient the federal award information and applicable compliance requirements. There are no subrecipient monitoring policies and procedures in place.

**Response:** Third Party Administrator hired by the State to administer LRA-CDBG Grants did not notify the Parish of the necessity of a subrecipient agreement. The Parish has subsequently asked that one be developed and implemented, complete with monitoring policies and procedures.

**U.S. DEPARTMENT OF HOMELAND SECURITY**  
**97.036: Disaster Grants – Public Assistance – FEMA**

**Finding 2011-12 Property Records Missing Required Grant Information**

**Condition:** The Parish failed to identify source, percentage of federal participation in the cost, location, and condition of property and equipment purchased with federal funds on the property records report.

**Response:** Fixed Asset Policy and Procedure has been revised to include identification of funding source. Employee has been trained and implementing program. Annual physical audit conducted 1st quarter of each year.

**Contact:** Beverly Gariepy, Director of Finance (504) 278-4255

# 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

JAMES E. LA PORTE\*  
KEVIN M. NEYREY  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD†  
JAMES E. TONGLET†

\*PROFESSIONAL CORPORATION  
†LIMITED LIABILITY COMPANY  
BENJAMIN J. ERICKSEN - DECEASED  
J.V. LECLERE KRENTEL - DECEASED

## MANAGEMENT LETTER

To the St. Bernard Parish Council  
Chalmette, Louisiana

In planning and performing our audit of 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 Government as of and for the year ended December 31, 2011, which collectively comprise St. Bernard Parish Government's basic financial statements, 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, we considered St. Bernard Parish Government's internal control over financial reporting (internal control) 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 Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Parish's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. A separate report dated June 30, 2012, contains our report on significant deficiencies or material weaknesses in the Parish's internal control. This letter does not affect our report dated June 30, 2012, on the basic financial statements of St. Bernard Parish Government.

We have already discussed many of these comments and suggestions with various Parish personnel, and are ready to assist you in any way that we can. We will review the status of these comments during our next audit engagement.

June 30, 2012

*Erickson, Krentel & LaPorte, LLP*

Certified Public Accountants



To the St. Bernard Parish Council  
June 30, 2012  
Page 2

**Management Letter Points**

**2011-13 Timely Record Accounts Payable on Construction in Progress**

We observed that accounts payable on construction projects in progress were not consistently recorded timely during the year. All expenditures incurred as of the end of a period should be recorded so that costs to date on construction projects in progress reflect all work performed on the project. We recommend that all invoices received after the end of the reporting period that apply to work done before the period end, be recorded as construction in progress. This will result in more accurate monthly financial statements, will keep Parish officials current on the progress of the construction projects, will assist the Parish in identifying potential budget variances, and may highlight a problem area earlier so that corrective action can be taken.

**2011-14 Timely Updating of Earned Time Reports**

During audit testing, we noticed that an employee used earned sick time; however, the earning time off report was not updated for the time used. If reports are not updated timely, employees will think they have more time available than actual and could result in the Parish overpaying employees for unearned time. We recommend the earned time off reports are updated timely to insure proper payment is made to employees.

**2011-15 Overpayment of Overtime Hours**

During audit testing, we noted that one individual was erroneously paid for 21 hours of overtime instead of the 2 hours actually worked. The Parish payroll department should double check all payroll time entered in the system against the time cards prior to submitting the payroll for disbursement to avoid key punch errors.

**2011-16 Timely Request for Reimbursement of Operating Expenses**

During audit testing, we noticed that allowable cost reimbursement of operating expenses for the Federal Transit grant is not requested timely. Timely request of reimbursement of funds would help increase cash flow for this department. We recommend the Finance Department provide general ledger details of operating expenses to the Federal Transit Department no later than March of the year following the expenses. This would allow the Federal Transit Department to timely receive reimbursement for allowed cost for the grant.

**2011-17 Interim Financial Statements**

Interim financial statements are provided to the public through the Parish Governments website. It appears from the large number of year-end adjustments that the Parish's interim financial statements did not include all the necessary adjustments to provide accurate monthly financial statements. We recommend that the Parish review and improve the monthly closing process to allow for more accurate monthly financial statements.

**2011-18 Improperly Maintaining Documents**

While testing the Section 8 Housing Department tenant files, it was noted that relevant documents were either missing or not readily available in tenant files. Parish management should designate someone to ensure that all required documents are retained and stored within the appropriate HUD recipient's permanent file.

To the St. Bernard Parish Council

June 30, 2012

Page 3

**2011-19 Landlord Payments**

While testing the Section 8 Housing Department tenant files, it was noted that the Parish improperly paid a landlord for one month of rent when the tenant had already moved out. When a tenant moves out, close out procedures should be followed timely to eliminate possible landlord overpayments. We recommend the Parish designate someone to ensure that all required close out procedures are performed timely.

**2011-20 Monthly Reconciliation for Grant Activity**

It was noted that several grants, managed by third party grant managers, are not being reconciling on a monthly basis. We recommend all grant activity performed by a third party grant manager be reviewed and reconciled on a monthly basis.



*St. Bernard Parish Government*

8201 West Judge Perez Drive, Chalmette, La. 70043

504-278-4200

504-278-4264(Fax)

### **Management's Corrective Action Plan**

#### **Relative to the Management Letter Comments**

##### **2011-13 Timely Record Accounts Payable on Construction in Progress**

**Recommendation:** We observed that accounts payable on construction projects in progress were not consistently recorded timely during the year. All expenditures incurred as of the end of a period should be recorded so that costs to date on construction projects in progress reflect all work performed on the project. We recommend that all invoices received after the end of the reporting period that apply to work done before the period end, be recorded as construction in progress. This will result in more accurate monthly financial statements, will keep Parish officials current on the progress of the construction projects, will assist the Parish in identifying potential budget variances, and may highlight a problem area earlier so that corrective action can be taken.

**Response:** The Finance Department will require submittal of accurate and timely monthly financial reports from Camp Dresser McKee (CDM) as per the contract. Further the Finance Department has assigned and trained an employee to verify, on a monthly basis with the Recovery Department and CDM that the Finance Department of the Parish has received all invoices to date and accurately recorded work in progress. CDM and St. Bernard Parish Government financial records are to be reconciled on a monthly basis.

##### **2011-14 Timely Updating of Earned Time Reports**

**Recommendation:** During audit testing, we noticed that an employee used earned sick time; however, the earning time off report was not updated for the time used. If reports are not updated timely, employees will think they have more time available than actual and could result in the Parish overpaying employees for unearned time. We recommend the earned time off reports be updated timely to insure proper payment is made to employees.

**Response:** Review of this finding revealed deficiency in software interface with Transit Department. Transit Department will be required to input timesheets into Microix and Parish payroll to review all time sheets submittals from each department after proper departmental approvals relating to overtime, vacation, sick leave, hours worked, and jobs completed prior to processing.

##### **2011-15 Overpayment of Overtime Hours**

**Recommendation:** During audit testing, we noted that one individual was erroneously paid for 21 hours of overtime instead of the 2 hours actually worked. The Parish payroll department should double check all payroll time entered in the system against the time cards prior to submitting the payroll for disbursement to avoid key punch errors.

**Response:** Parish payroll to review all time sheets submittals from each department after proper departmental approvals relating to overtime, vacation, sick leave, hours worked, and jobs completed prior to processing.



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**Recommendation:** During audit testing, we noticed that allowable cost reimbursement of operating expenses for the Federal Transit grant is not requested timely. Timely request of reimbursement of funds would help increase cash flow for this department. We recommend the Finance Department provide general ledger details of operating expenses to the Federal Transit Department no later than March of the year following the expenses. This would allow the Federal Transit Department to timely receive reimbursement for allowed cost for the grant.

**Response:** It is the responsibility of Federal Transit Grants Administrator to request a general ledger worksheet from Finance Department in timely fashion and per grant requirements. Federal Transit Grants Administrator to develop close out schedule for reimbursements that will dovetail with the close out requirement set forth by the Finance Department.

#### **2011-17 Interim Financial Statements**

**Recommendation:** Interim financial statements are provided to the public through the Parish Governments website. It appears from the large number of year-end adjustments that the Parish's interim financial statements did not include all the necessary adjustments to provide accurate monthly financial statements. We recommend that the Parish review and improve the monthly closing process to allow for more accurate monthly financial statements.

**Response:** Finance Department has implemented monthly close out schedule. Employee has been assigned the responsibility of monitoring budget to actual expenditures and revenues. Variances are to be reported to Finance Director by 15<sup>th</sup> of the month.

#### **2011-18 Improperly Maintaining Documents**

**Recommendation:** While testing the Section 8 Housing Department tenant files, it was noted that relevant documents were either missing or not readily available in tenant files. Parish management should designate someone to ensure that all required documents are retained and stored within the appropriate HUD recipient's permanent file.

**Response:** St. Bernard Parish Housing Authority has engaged the services of Rigby Financial Group to perform a forensic audit and study of our system on internal control, of which the objectives are to satisfy the claims and deficiencies levied against SBPHA by HUD's Quality Assurance Division, to strengthen our system of internal controls and procedures, and to help us get in compliance with HUD in regard to any unfiled financial reporting that may be required. SBPHA also, whenever possible, sends its employees to seminars and training sessions sponsored by Nan McKay, a leading national authority in housing training, the State of Louisiana, or HUD itself, to improve their skills that are necessary to implement the day to day tasks involved in the operations of SBPHA.



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**Response:** St. Bernard Parish Housing Authority has engaged the services of Rigby Financial Group to perform a forensic audit and study of our system on internal control, of which the objectives are to satisfy the claims and deficiencies levied against SBPHA by HUD's Quality Assurance Division, to strengthen our system of internal controls and procedures, and to help us get in compliance with HUD in regard to any unfiled financial reporting that may be required. SBPHA also, whenever possible, sends its employees to seminars and training sessions sponsored by Nan McKay, a leading national authority in housing training, the State of Louisiana, or HUD itself, to improve their skills that are necessary to implement the day to day tasks involved in the operations of SBPHA.

#### **2011-20 Monthly Reconciliation for Grant Activity**

**Recommendation:** It was noted that several grants, managed by third party grant managers, are not being reconciled on a monthly basis. We recommend all grant activity performed by a third party grant manager be reviewed and reconciled on a monthly basis.

**Response:** Grant Department to develop monthly close out schedule. Finance Department will review reports provided by Grants Department and reconcile monthly financial reports from all third party and in house administered grants.