

2534

**ST. BERNARD PARISH GOVERNMENT**

**STATE OF LOUISIANA**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**DECEMBER 31, 2010**

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

Release Date **SEP 14 2011**

**ERICKSEN KRENTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

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

**ST. BERNARD PARISH GOVERNMENT**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2010**

Page  
Number

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3-10

**BASIC FINANCIAL STATEMENTS**

**Government-wide Financial Statements:**

**Exhibit**

Statement of Net Assets .....	<b>A</b>	11
Statement of Activities .....	<b>B</b>	12-13

**Fund Financial Statements:**

**Governmental Funds:**

Balance Sheet.....	<b>C</b>	14-15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	<b>D</b>	16
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	<b>E</b>	17-18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	<b>F</b>	19

**Proprietary Funds:**

Statement of Net Assets.....	<b>G</b>	20-21
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	<b>H</b>	22
Statement of Cash Flows .....	<b>I</b>	23-24

Notes to the Financial Statements .....	25-55
---	-------

**REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule**

**Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:**

General Fund.....	<b>1</b>	56
Public Works .....	<b>2</b>	57
Garbage District No. 1.....	<b>3</b>	58
Consolidated Fire Protection District No. 1-2.....	<b>4</b>	59
Disaster Recovery.....	<b>5</b>	60
Library.....	<b>6</b>	61

Notes to the Required Supplementary Information .....	62
---	----

**ST. BERNARD PARISH GOVERNMENT**  
**TABLE OF CONTENTS**  
DECEMBER 31, 2010

Page  
Number

**FINANCIAL SECTION (CONTINUED)**

**OTHER SUPPLEMENTAL INFORMATION**

	<u>Schedule</u>
<b>Nonmajor Governmental Funds:</b>	
Fund Descriptions.....	63-67
Combining Balance Sheet.....	7 ..... 68-76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	8 ..... 77-85
<b>Nonmajor Enterprise Funds:</b>	
Fund Descriptions .....	86
Combining Statement of Net Assets .....	9 ..... 87
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	10 ..... 88
Combining Statement of Cash Flows .....	11 ..... 89
<b>Internal Service Funds:</b>	
Fund Descriptions.....	90
Combining Statement of Net Assets .....	12 ..... 91
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets .....	13 ..... 92
Combining Statement of Cash Flows.....	14 ..... 93
Schedule of Council Members' Compensation.....	15 ..... 94
Schedule of Computation of the Ratio of Net Revenues to Average Annual Debt Service Requirement of Water and Sewerage Revenue Bonds.....	16 ..... 95
Schedule of Wireless Emergency 911 Services.....	17 ..... 96
Schedule of Metered Customers of Department of Water Works and Sewerage Division .....	18 ..... 97

**ST. BERNARD PARISH GOVERNMENT**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2010**

	<u>Page</u> <u>Number</u>
<b><u>SINGLE AUDIT SECTION</u></b>	
	<u>Schedule</u>
Schedule of Expenditures of Federal Awards .....	19 ..... 98-99
Notes to Schedule of Expenditures of Federal Awards .....	100
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	101-102
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 .....	103-104
Schedule of Findings and Questioned Costs .....	105-108
Schedule of Prior Year Findings .....	109-110
Management's Corrective Action Plan.....	111-112

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

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

## INDEPENDENT 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 units, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of and for the year ended December 31, 2010, 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 units, St. Bernard Parish Home Mortgage Authority and the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court. The St. Bernard Parish Home Mortgage Authority's financial statements were 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. The Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court's financial statements were audited by other auditors whose report thereon was furnished to us, and our opinion, insofar as it relates to the amounts included in the Parish's basic financial statements for the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government, State of Louisiana, as of December 31, 2010, 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 21, 2011, 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.

**ERICKSEN KRENTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

St. Bernard Parish Council  
June 21, 2011  
Page 2

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 56 through 62 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.

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 non-major 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 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 21, 2011

*Erickson, Krentel & La Porte, LLP*

Certified Public Accountants

**REQUIRED SUPPLEMENTARY INFORMATION - PART I**

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2010**

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, 2010. We encourage readers to consider the information presented here in conjunction with the Parish's financial statements and the notes to the financial statements.

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

**Financial Highlights**

- The 2010 financial statements indicate that the Parish government experienced an increase in Federal assistance resulting from the continued reconstruction following Hurricane Katrina. Total expenses for the primary government were approximately \$118,228,966 in 2010, an increase of \$23,280,472 from 2009.
- The assets of the Parish exceeded its liabilities at the close of the most recent fiscal year by \$342,046,857 (net assets). Of this amount, \$34,633,473 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$97,313,615 for the period ending 12/31/10, 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 \$43,228,188. The General Fund has \$8,310,748 of unreserved, undesignated fund balance that is *available for spending* at the government's discretion. In addition, there are fund balances totaling \$25,210,058 in the Special Revenue Funds that are available for expenditure within the respective funds.
- The Parish has an accounts payable balance at 12/31/10 in governmental activities of \$55,995,746, which is an increase of \$10,471,349 from the prior year. The increase is a reflection of the magnitude of permanent repairs being completed in the fiscal year. The work is the permanent phase of recovery from Hurricane Katrina.
- General Fund revenues for the 2010 period were \$27,867,118, an increase of \$11,670,555 from 2009. The result was related to an increase in sales tax and federal funded projects.
- The Parish's total outstanding long term debt in all funds is \$57,659,395 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. The substantial decrease in long term debt is reflective of the 2005 and 2006 Community Disaster Loans being forgiven in 2010.

**Overview of the Financial Statements**

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

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

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

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2010**

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, Public Works, Garbage District No. 1, Consolidated Fire Protection No. 1-2, the Library, Disaster Recovery and Hurricane Reconstruction, all of which are considered to be major funds. Data from the other 36 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 14-19 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Division, which is considered to be a major fund of the Parish. All other Division 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 Division 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 20-24 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 25-55.

**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 56-62 of this report.

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2010**

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 63-93 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 \$342,046,857 at the close of the most recent fiscal year.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 110,298,521	\$ 115,482,650	\$ 42,020,791	\$ 27,616,515	\$164,941,959	\$ 143,099,165
Capital assets	<u>144,476,194</u>	<u>211,346,057</u>	<u>104,840,715</u>	<u>135,141,591</u>	<u>249,316,909</u>	<u>346,487,648</u>
Total assets	<u>254,774,715</u>	<u>326,828,707</u>	<u>146,861,506</u>	<u>162,758,106</u>	<u>414,258,868</u>	<u>489,586,813</u>
Long-term liabilities outstanding	17,951,319	8,715,231	46,586,751	43,722,685	65,089,683	52,437,916
Other liabilities	<u>81,607,568</u>	<u>74,544,016</u>	<u>10,757,341</u>	<u>20,558,024</u>	<u>104,509,635</u>	<u>95,102,040</u>
Total liabilities	<u>99,558,887</u>	<u>83,259,247</u>	<u>57,344,092</u>	<u>64,280,709</u>	<u>169,599,318</u>	<u>147,539,956</u>
Net assets:						
Invested in capital assets, net of related debt	144,476,194	211,346,057	55,848,964	88,588,906	200,025,158	299,934,963
Restricted	2,259,992	160,407	10,413,090	7,318,014	12,673,082	7,478,421
Unrestricted	<u>8,479,642</u>	<u>32,062,996</u>	<u>23,555,360</u>	<u>2,570,477</u>	<u>32,035,002</u>	<u>34,633,473</u>
Total net assets	<u>\$ 155,215,828</u>	<u>\$ 243,569,460</u>	<u>\$ 89,517,414</u>	<u>\$ 98,477,397</u>	<u>\$244,733,242</u>	<u>\$ 342,046,857</u>

A portion of the Parish's net assets (87.7 percent) reflects investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Parish uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Parish's investment in its capital is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Parish's net assets (2.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$34,633,473 may be used to meet government's ongoing obligations to citizens and creditors.

**ST. BERNARD PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2010**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,110,351	\$ 6,593,177	\$ 4,786,098	\$ 5,238,160	\$ 8,896,449	\$ 11,831,337
Operating grants and contributions	211,448,246	136,356,968	135,714	602,925	211,583,960	136,959,893
Capital grants and contributions	5,306,348	9,993,697	-	-	5,306,348	9,993,697
<b>General revenues:</b>						
Ad valorem taxes	7,073,024	7,611,730	-	-	7,073,024	7,611,730
Sales taxes	11,042,025	19,010,239	2,757,908	4,591,379	13,799,933	23,601,618
Other taxes	1,270,273	1,269,248	-	-	1,270,273	1,269,248
Unrestricted grants and investment earnings	1,765,948	3,030,683	228,247	204,672	1,994,195	3,235,355
Loss on Disposal of Assets	-	(3,741,297)	-	-	-	(3,741,297)
Forgiveness of CD Loans	-	19,820,654	-	-	-	19,820,654
Other general revenues	9,263,736	4,836,771	213,485	123,575	9,477,221	4,960,346
<b>Total revenues</b>	<b>251,279,951</b>	<b>204,781,870</b>	<b>8,121,452</b>	<b>10,760,711</b>	<b>259,401,403</b>	<b>215,542,581</b>
<b>Program expenses:</b>						
General government	52,487,204	55,799,507	-	-	52,487,204	55,799,507
Public safety	8,572,283	14,724,975	-	-	8,572,283	14,724,975
Public works	15,040,416	16,780,112	-	-	15,040,416	16,780,112
Culture and recreation	6,933,377	16,486,993	-	-	6,933,377	16,486,993
Health and welfare	1,232,493	1,525,528	-	-	1,232,493	1,525,528
Capital Outlay	242,941	-	-	-	242,941	-
Interest on long-term debt	720,139	794,589	2,237,399	2,327,328	2,957,538	3,121,917
Water and sewer	-	-	9,018,989	9,789,934	9,018,989	9,789,934
<b>Total expenses</b>	<b>85,228,853</b>	<b>106,111,704</b>	<b>11,256,388</b>	<b>12,117,262</b>	<b>96,485,241</b>	<b>118,228,966</b>
<b>Change in net assets</b>	<b>\$ 166,051,098</b>	<b>\$ 98,670,166</b>	<b>\$(3,134,936)</b>	<b>\$(1,356,551)</b>	<b>\$162,916,162</b>	<b>\$ 97,313,615</b>

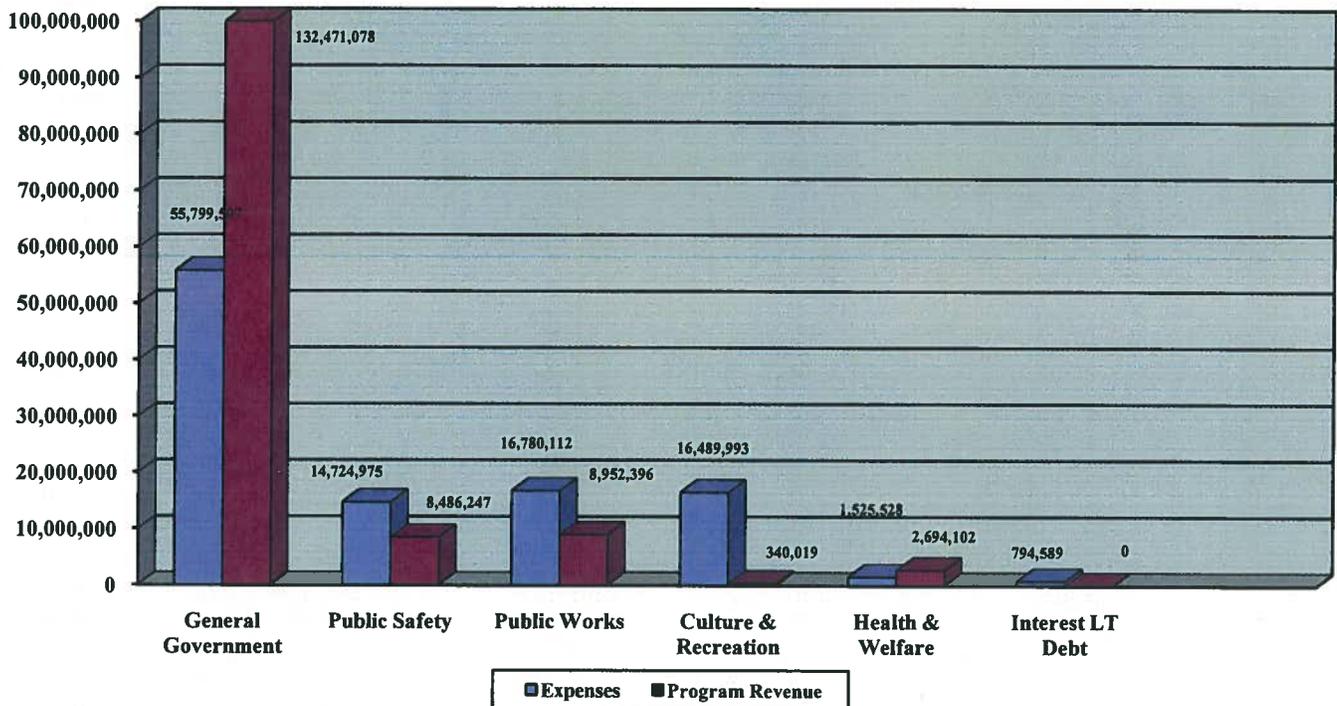
**Governmental activities.** Governmental activities increased the St. Bernard Parish Governments net assets by \$98,670,166. Business type activities for the government decreased by \$(1,356,551) and resulted in a net increase of assets \$97,313,615.

Key elements of this increase are as follows:

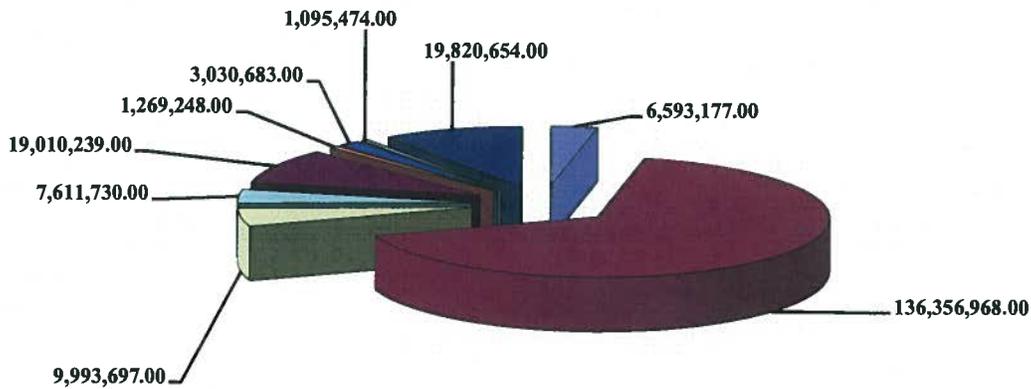
- Governmental administration continued the capital improvements plan related to rebuilding after Hurricane Katrina.
- Sales Tax revenues growth related to continued recovery projects and BP oil spill response.
- Repairs & maintenance for buildings, equipment and roads were supported by federal revenues.

**ST. BERNARD PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2010**

**Expenses and Program Revenues by Governmental Activities**



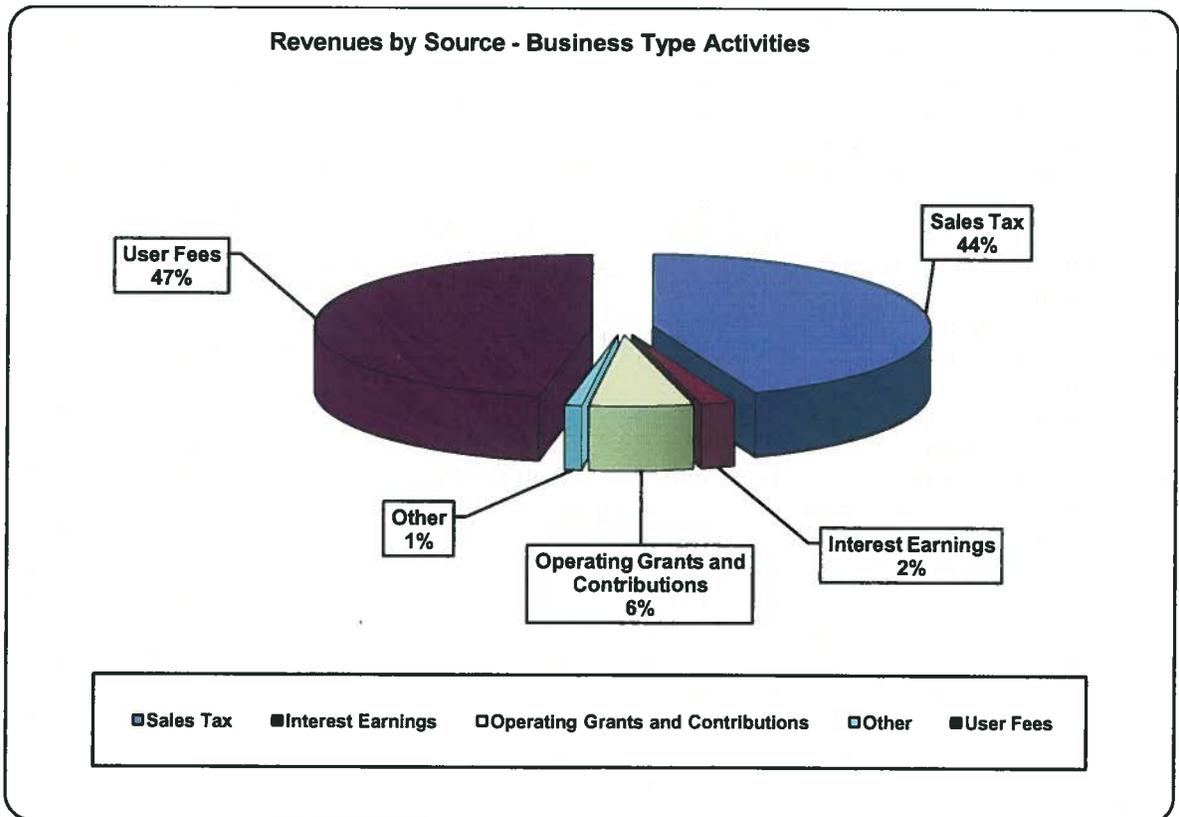
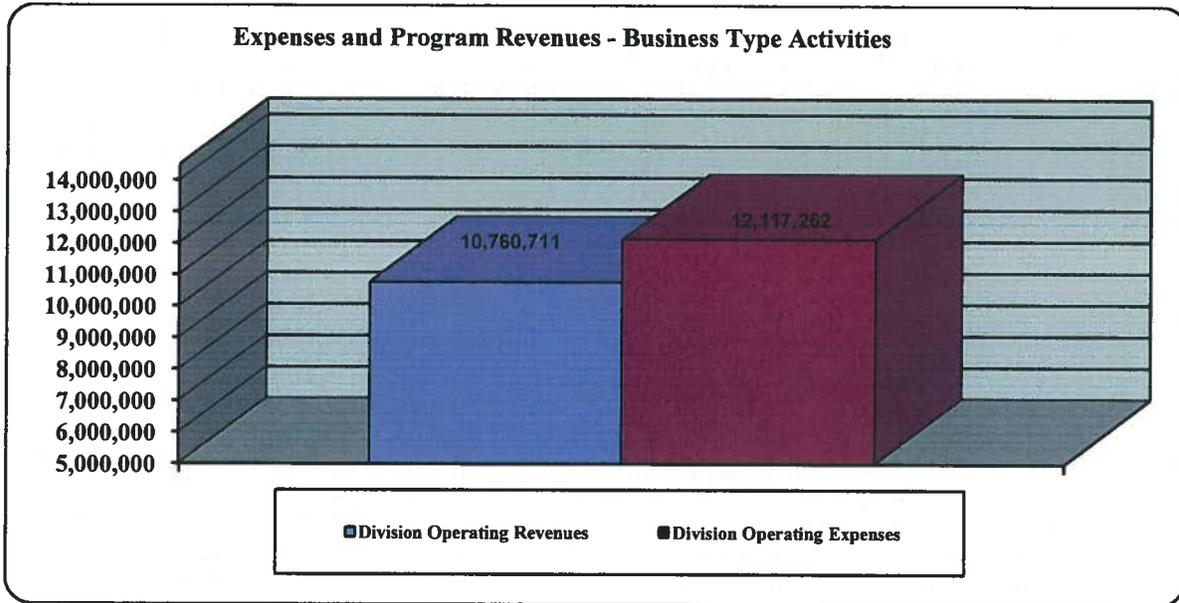
**Revenue by Sources - Governmental Activities**



- |   |                                      |                                    |
|---|--------------------------------------|------------------------------------|
| ■ Charges for Services                        | ■ Operating Grants and Contributions | □ Capital Grants and Contributions |
| ■ Ad Valorem Taxes                            | ■ Sales Taxes                        | □ Other Taxes                      |
| ■ Unrestricted Grants and Investment Earnings | □ Other                              | ■ Forgiveness CDL                  |

**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
DECEMBER 31, 2010

**Business-type activities.** Business-type activities decreased the St. Bernard Parish Government's net assets by \$(1,356,551). The decline in the business-type activities net assets was attributable to the decrease in operating revenues resulting from Hurricane Katrina.



**ST. BERNARD PARISH GOVERNMENT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
**DECEMBER 31, 2010**

Key elements of this decrease are as follows:

- Increase in Water and Sewer operation expenses related to services and capital projects.
- User fees have not reached pre-storm collections.

**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 \$43,228,188, an increase of \$1,508,550 in comparison with the prior year. Approximately twenty percent of this total amount, \$8,797,149 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. Fund balances totaling \$25,210,058 in the Special Revenue Funds and \$8,797,149 in the Capital Projects Funds are available for expenditure within the respective funds. The remaining fund balance of \$160,407 is encumbered because it has already been committed to liquidate open contracts and purchase orders.

The General Fund is the chief operating fund of the Parish. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$8,310,748 while the total fund balance reached \$8,331,222. 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 \$7,521,567 during the current fiscal year. Key factors in this increase are as follows:

- Receipt of federal funds reimbursements for capital projects.
- Decrease in general fund costs.
- Increase in sales tax revenue.

The Debt Service Funds have total combined fund balances of \$749,826. The net decrease in fund balance during the current year in the Debt Service Funds was \$319,436.

**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 \$2,570,477.

**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, 2010, amounts to \$346,487,648 (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 40-41 of this report.

**ST. BERNARD PARISH GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2010**

**Long-term debt.** At the end of the current fiscal year, the Parish had total debt outstanding of \$57,659,395. Of this amount, \$6,613,415 comprises debt backed by the full faith and credit of the government. The remainder of the Parish's debt \$51,045,980 represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
General obligation bonds	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000	\$ -
Sales tax bonds	4,255,000	4,010,000	49,564,672	46,905,980	53,819,672	50,915,980
Revenue bonds	-	-	250,000	130,000	250,000	130,000
Community Disaster Loans	22,958,524	5,000,000	-	-	22,958,524	5,000,000
Compensated absences	1,285,976	1,416,688	196,727	196,727	1,367,452	1,613,415
<b>Total</b>	<b>\$ 28,849,500</b>	<b>\$ 10,426,688</b>	<b>\$ 50,011,399</b>	<b>\$ 47,232,707</b>	<b>\$ 78,860,899</b>	<b>\$ 57,659,395</b>

The St. Bernard Parish Government's total long-term debt decreased \$21,201,504 during the current fiscal year. 84.7 percent of the decrease is due to two of the parish's three Community Disaster Loans being forgiven, totaling \$17,958,524. 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 41-46 of this report.

**Requests for Information**

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

**BASIC FINANCIAL STATEMENTS**

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2010**

	<u>Primary Government</u>			<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Judicial Clerk 34th District</u>	<u>Home Mortgage Authority</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 36,598,162	\$ 795,627	\$ 37,393,789	\$ 406,990	\$ 207,206
Investments	5,702,379	-	5,702,379	51,548	4,684,047
Receivables (net of allowances for uncollectibles)					
Sales taxes	5,063,056	-	5,063,056	-	-
Ad valorem taxes	6,876,494	-	6,876,494	-	-
Cable franchise fees	92,532	-	92,532	-	-
Customer	-	547,673	547,673	-	-
Intergovernmental	423,711	-	423,711	34,585	-
Other	55,729,032	-	55,729,032	17,665	21,457
Unbilled charges	-	308,643	308,643	-	-
Due from other funds	4,297,425	7,139,475	11,436,900	-	-
Prepays	487,230	42,336	529,566	-	-
Inventory	-	526,530	526,530	-	-
Restricted assets - cash and cash equivalents	-	17,492,656	17,492,656	-	-
Restricted assets - receivables	-	763,575	763,575	-	-
Other assets	212,629	-	212,629	-	56,063
Capital assets (net of accumulated depreciation)	<u>211,346,057</u>	<u>135,141,591</u>	<u>346,487,648</u>	<u>6,166</u>	<u>-</u>
Total assets	<u>326,828,707</u>	<u>162,758,106</u>	<u>489,586,813</u>	<u>516,954</u>	<u>4,968,773</u>
<b>LIABILITIES:</b>					
Accounts payable	55,995,746	3,745,747	59,741,493	25,319	9,388
Claims payable	2,065,499	99,515	2,165,014	-	-
Retainage payable	533,635	371,195	904,830	-	-
Salaries and payroll deductions payable	1,163,248	138,456	1,301,704	4,355	-
Payable from restricted assets	-	8,175,404	8,175,404	-	-
Due to other funds	7,139,475	4,297,425	11,436,900	-	-
Deferred revenues	4,625,642	-	4,625,642	-	-
Accrued interest payable	198,020	703,555	901,575	-	20,733
Deferred loan fees	-	-	-	-	214,390
Non-current liabilities:					
Due within one year	260,000	2,830,000	3,090,000	-	50,000
Due in more than one year	8,715,231	43,722,685	52,437,916	-	4,541,797
Compensated absences	1,416,688	196,727	1,613,415	-	-
Other post-employment benefits	<u>1,146,063</u>	<u>-</u>	<u>1,146,063</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>83,259,247</u>	<u>64,280,709</u>	<u>147,539,956</u>	<u>29,674</u>	<u>4,836,308</u>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	211,346,057	88,588,906	299,934,963	6,166	-
Restricted for:					
Debt service	-	487,853	487,853	-	-
Other purposes	160,407	6,830,161	6,990,568	-	-
Unrestricted	<u>32,062,996</u>	<u>2,570,477</u>	<u>34,633,473</u>	<u>481,114</u>	<u>132,465</u>
Total net assets	<u>\$243,569,460</u>	<u>\$ 98,477,397</u>	<u>\$342,046,857</u>	<u>\$ 487,280</u>	<u>\$ 132,465</u>

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

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
<b>Governmental activities:</b>				
<b>General government:</b>				
Judicial	\$ 1,240,694	\$ 433,813	\$ -	\$ -
Finance and administration	20	-	-	-
Other general government	54,558,793	4,932,014	118,519,446	8,585,805
Public safety	14,724,975	401,328	8,070,891	14,028
Public works	16,780,112	300,656	7,367,426	1,284,314
Cultural and recreation	16,486,993	112,162	118,307	109,550
Health and welfare	1,525,528	413,204	2,280,898	-
Interest on long-term debt	794,589	-	-	-
<b>Total governmental activities</b>	<b>106,111,704</b>	<b>6,593,177</b>	<b>136,356,968</b>	<b>9,993,697</b>
<b>Business-type activities:</b>				
Water and sewer	9,789,934	5,238,160	602,925	-
Interest on long-term debt	2,327,328	-	-	-
<b>Total business-type activities</b>	<b>12,117,262</b>	<b>5,238,160</b>	<b>602,925</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 118,228,966</b>	<b>\$ 11,831,337</b>	<b>\$ 136,959,893</b>	<b>\$ 9,993,697</b>
<b>Component units:</b>				
Judicial Clerk of the 34th District	\$ 606,803	\$ 337,848	\$ 270,873	\$ -
Home Mortgage Authority	295,810	-	-	-
<b>Total component units</b>	<b>\$ 902,613</b>	<b>\$ 337,848</b>	<b>\$ 270,873</b>	<b>\$ -</b>

**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

Forgiveness of Community Disaster Loans

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, 2010**

Net (Expense) Revenue and Changes in Net Assets				
Primary Government			Component Unit	Component Unit
Governmental Activities	Business-type Activities	Total	Judicial Clerk 34th District	Home Mortgage Authority
\$ (806,881)	\$ -	\$ (806,881)	\$ -	\$ -
(20)	-	(20)	-	-
77,478,472	-	77,478,472	-	-
(6,238,728)	-	(6,238,728)	-	-
(7,827,716)	-	(7,827,716)	-	-
(16,146,974)	-	(16,146,974)	-	-
1,168,574	-	1,168,574	-	-
(794,589)	-	(794,589)	-	-
<u>46,832,138</u>	<u>-</u>	<u>46,832,138</u>	<u>-</u>	<u>-</u>
-	(3,948,849)	(3,948,849)	-	-
-	(2,327,328)	(2,327,328)	-	-
-	(6,276,177)	(6,276,177)	-	-
<u>\$ 46,832,138</u>	<u>\$ (6,276,177)</u>	<u>\$ 40,555,961</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 1,918	\$ -
-	-	-	-	(295,810)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,918</u>	<u>\$ (295,810)</u>
\$ 7,611,730	\$ -	\$ 7,611,730	\$ -	\$ -
19,010,239	4,591,379	23,601,618	-	-
907,534	-	907,534	-	-
322,638	-	322,638	-	-
39,076	-	39,076	1,296	-
2,676,451	-	2,676,451	-	-
354,232	204,672	558,904	-	253,683
(3,741,297)	-	(3,741,297)	-	-
19,820,654	-	19,820,654	-	-
4,836,771	123,575	4,960,346	-	51,246
<u>51,838,028</u>	<u>4,919,626</u>	<u>56,757,654</u>	<u>1,296</u>	<u>304,929</u>
98,670,166	(1,356,551)	97,313,615	3,214	9,119
<u>(10,316,534)</u>	<u>10,316,534</u>	<u>-</u>	<u>-</u>	<u>-</u>
88,353,632	8,959,983	97,313,615	3,214	9,119
<u>155,215,828</u>	<u>89,517,414</u>	<u>244,733,242</u>	<u>484,066</u>	<u>123,346</u>
<u>\$ 243,569,460</u>	<u>\$ 98,477,397</u>	<u>\$ 342,046,857</u>	<u>\$ 487,280</u>	<u>\$ 132,465</u>

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

**ST. BERNARD PARISH GOVERNMENT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

	<b>General</b>	<b>Public Works</b>	<b>Garbage District No. 1</b>	<b>Consolidated Fire Protection District No. 1-2</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 1,703,873	\$ 322,002	\$ 115,637	\$ 270,512
Investments	-	-	-	-
Receivables (net of allowances for uncollectibles)				
Sales taxes	5,063,056	-	-	-
Ad valorem taxes	760,549	842,629	842,629	2,081,376
Cable franchise fees	92,532	-	-	-
Intergovernmental	-	-	-	-
Other	173,907	3,107,676	-	426,705
Due from other funds	7,816,506	294,080	-	156
Prepays	61,504	18,701	-	16,751
Other assets	10,689	198,500	-	-
	<b>\$ 15,682,616</b>	<b>\$ 4,783,588</b>	<b>\$ 958,266</b>	<b>\$ 2,795,500</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 861,903	\$ 2,517,376	\$ 439,716	\$ 193,489
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	339,367	228,091	(10,450)	191,995
Due to other funds	6,062,586	1,122,341	341,669	647,984
Deferred revenues	87,538	41,595	41,595	89,882
	<b>7,351,394</b>	<b>3,909,403</b>	<b>812,530</b>	<b>1,123,350</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Encumbrances	20,474	15,109	-	1,037
<b>Unreserved, designated for:</b>				
Development	-	-	-	-
<b>Unreserved, undesignated, reported in:</b>				
General fund	8,310,748	-	-	-
Special revenue funds	-	859,076	145,736	1,671,113
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
	<b>8,331,222</b>	<b>874,185</b>	<b>145,736</b>	<b>1,672,150</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,682,616</b>	<b>\$ 4,783,588</b>	<b>\$ 958,266</b>	<b>\$ 2,795,500</b>

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

**ST. BERNARD PARISH GOVERNMENT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

<u>Library</u>	<u>Disaster Recovery</u>	<u>Hurricane Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,890,288	\$ 9,467,655	\$ 3,148,608	\$ 15,061,469	\$ 34,980,044
4,850,062	-	-	-	4,850,062
-	-	-	-	5,063,056
983,276	-	-	1,366,035	6,876,494
-	-	-	-	92,532
-	-	-	423,711	423,711
-	45,598,941	-	6,420,398	55,727,627
485,273	9,691,506	4,162,294	135,416	22,585,231
-	-	-	66,788	163,744
-	-	-	3,440	212,629
<u>\$ 11,208,899</u>	<u>\$ 64,758,102</u>	<u>\$ 7,310,902</u>	<u>\$ 23,477,257</u>	<u>\$ 130,975,130</u>
\$ -	\$ 46,587,105	\$ 62,137	\$ 5,048,501	\$ 55,710,227
-	234,184	-	299,451	533,635
7,576	(3,013)	-	409,682	1,163,248
-	13,712,072	1,679,139	2,148,399	25,714,190
44,374	-	-	4,320,658	4,625,642
<u>51,950</u>	<u>60,530,348</u>	<u>1,741,276</u>	<u>12,226,691</u>	<u>87,746,942</u>
-	-	-	123,787	160,407
-	-	-	-	-
-	-	-	-	8,310,748
11,156,949	4,227,754	-	7,149,430	25,210,058
-	-	-	749,826	749,826
-	-	5,569,626	3,227,523	8,797,149
<u>11,156,949</u>	<u>4,227,754</u>	<u>5,569,626</u>	<u>11,250,566</u>	<u>43,228,188</u>
<u>\$ 11,208,899</u>	<u>\$ 64,758,102</u>	<u>\$ 7,310,902</u>	<u>\$ 23,477,257</u>	<u>\$ 130,975,130</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, 2010**

Total fund balances at December 31, 2010 - Governmental Funds		\$ 43,228,188
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	243,518,502	
Less accumulated depreciation	<u>(32,172,445)</u>	211,346,057
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds payable	8,975,231	
Accrued interest payable	198,020	
Compensated absences	<u>1,416,688</u>	(10,589,939)
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.		
		(1,146,063)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		
		<u>731,217</u>
Net assets of governmental activities at December 31, 2010		<u>\$ 243,569,460</u>

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Public Works</u>	<u>Garbage District No. 1</u>
<b><u>REVENUES:</u></b>			
Taxes:			
Ad valorem	\$ 968,324	\$ 904,467	\$ 904,467
Sales and use	19,010,239	-	-
Other taxes, penalties, interest, etc.	1,080,572	1,416	1,372
Licenses and permits	838,055	50	-
Intergovernmental:			
Federal grants	2,639,550	2,487,712	-
State funds:			
Parish transportation funds	-	-	-
State revenue sharing (net)	1,751	1,942	1,942
Other	54,254	1,816,868	-
Fees, charges, and commissions for services	2,553,164	150,016	-
Fines and forfeitures	-	-	-
Use of money and property	14,960	4,929	-
Special assessments	-	-	-
Public grants	-	-	-
Other revenues	706,249	270,431	-
Total revenues	<u>27,867,118</u>	<u>5,637,831</u>	<u>907,781</u>
<b><u>EXPENDITURES:</u></b>			
Current:			
General government:			
Judicial	-	-	-
Finance and administration	-	-	-
Other general government	11,246,869	-	-
Public safety	-	-	-
Public works	-	7,102,904	5,085,812
Cultural and recreation	-	-	-
Health and welfare	-	-	-
Debt service:			
Principal	-	-	-
Interest and service charges	-	-	-
Capital expenditures:			
Capital outlay	962,154	24,117	-
Total expenditures	<u>12,209,023</u>	<u>7,127,021</u>	<u>5,085,812</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,658,095</u>	<u>(1,489,190)</u>	<u>(4,178,031)</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Transfers in	12,999,773	1,174,157	11,870,637
Transfers out	(21,136,301)	-	-
Total other financing sources (uses)	<u>(8,136,528)</u>	<u>1,174,157</u>	<u>11,870,637</u>
Net change in fund balances	7,521,567	(315,033)	7,692,606
Fund balances - beginning	<u>809,655</u>	<u>1,189,218</u>	<u>(7,546,870)</u>
Fund balances - ending	<u>\$ 8,331,222</u>	<u>\$ 874,185</u>	<u>\$ 145,736</u>

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

**ST. BERNARD PARISH GOVERNMENT**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Consolidated Fire Protection District No. 1-2	Library	Disaster Recovery	Hurricane Reconstruction	Other Governmental Funds	Total Governmental Funds
\$ 2,247,463	\$ 1,098,601	\$ -	\$ -	\$ 1,488,408	\$ 7,611,730
-	-	-	-	-	19,010,239
3,980	-	-	-	385,194	1,472,534
-	-	-	-	391,247	1,229,352
194,112	-	112,632,940	-	22,911,416	140,865,730
-	-	-	-	79,257	79,257
1,847	3,605	-	-	2,555	13,642
228,478	13,656	1,386,233	-	171,119	3,670,608
400,636	8,111	80,571	-	207,748	3,400,246
-	4,563	-	-	392,362	396,925
3,619	216,548	-	37,491	50,504	328,051
-	-	-	-	420	420
-	6,515	-	-	-	6,515
63,894	73,783	938	303,778	7,772,090	9,191,163
<u>3,144,029</u>	<u>1,425,382</u>	<u>114,100,682</u>	<u>341,269</u>	<u>33,852,320</u>	<u>187,276,412</u>
-	-	-	-	1,240,694	1,240,694
-	-	-	-	20	20
-	-	39,432,281	40,343	3,775,950	54,495,443
7,472,071	-	-	-	7,252,904	14,724,975
-	-	-	-	763,041	12,951,757
-	359,636	-	-	16,127,357	16,486,993
-	-	-	-	1,525,528	1,525,528
-	-	-	-	595,000	595,000
-	-	-	-	181,143	181,143
119,372	39,254	63,794,952	2,374,102	5,580,778	72,894,729
<u>7,591,443</u>	<u>398,890</u>	<u>103,227,233</u>	<u>2,414,445</u>	<u>37,042,415</u>	<u>175,096,282</u>
<u>(4,447,414)</u>	<u>1,026,492</u>	<u>10,873,449</u>	<u>(2,073,176)</u>	<u>(3,190,095)</u>	<u>12,180,130</u>
4,527,413	-	294,754	-	3,434,748	34,301,482
-	-	(17,679,013)	(2,800,000)	(3,357,748)	(44,973,062)
<u>4,527,413</u>	<u>-</u>	<u>(17,384,259)</u>	<u>(2,800,000)</u>	<u>77,000</u>	<u>(10,671,580)</u>
79,999	1,026,492	(6,510,810)	(4,873,176)	(3,113,095)	1,508,550
<u>1,592,151</u>	<u>10,130,457</u>	<u>10,738,564</u>	<u>10,442,802</u>	<u>14,363,661</u>	<u>41,719,638</u>
<u>\$ 1,672,150</u>	<u>\$ 11,156,949</u>	<u>\$ 4,227,754</u>	<u>\$ 5,569,626</u>	<u>\$ 11,250,566</u>	<u>\$ 43,228,188</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, 2010**

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

Net change in fund balances - total governmental funds	\$ 1,508,550
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.	66,869,863
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.	595,000
Interest on long-term debt accrued but not paid during the year is not recognized as an expenditure in the governmental funds.	(613,446)
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.	(125,379)
The change in compensated absences is not recorded as an expenditure in the governmental funds.	(130,712)
Forgiveness of Community Disaster Loans is reported only on the government-wide financial statements.	19,820,654
The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>429,102</u>
Change in net assets of governmental activities	<u>\$ 88,353,632</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, 2010**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 581,130	\$ -	\$ 581,130	\$ 1,832,615
Investments	-	-	-	852,317
Customer receivables (net of allowance for doubtful accounts of \$283,060)	547,673	-	547,673	1,405
Unbilled charges	308,643	-	308,643	-
Due from other funds	6,433,404	-	6,433,404	992,980
Prepays	42,336	-	42,336	323,486
Inventory	526,530	-	526,530	-
<b>Restricted assets:</b>				
<b>Cash and cash equivalents:</b>				
Revenue bond debt service reserve	153,542	-	153,542	-
Revenue bond debt service account	2,534,085	-	2,534,085	-
Capital renewal and replacement and system improvements accounts	247,046	-	247,046	-
Sales tax bond debt service reserve	980,616	-	980,616	-
Sales tax bond debt service account	9,852,154	-	9,852,154	-
Construction fund	1,594,168	-	1,594,168	-
Inflow and infiltration	1,761,705	-	1,761,705	-
Other debt service accounts	-	353,165	353,165	-
Customer meter deposits	16,175	-	16,175	-
Sales tax receivable	763,575	-	763,575	-
<b>Total restricted assets</b>	<b>17,903,066</b>	<b>353,165</b>	<b>18,256,231</b>	<b>-</b>
<b>Total current assets</b>	<b>26,342,782</b>	<b>353,165</b>	<b>26,695,947</b>	<b>4,002,803</b>
<b>Capital assets (net of accumulated depreciation)</b>	<b>135,141,591</b>	<b>-</b>	<b>135,141,591</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 161,484,373</b>	<b>\$ 353,165</b>	<b>\$ 161,837,538</b>	<b>\$ 4,002,803</b>

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, 2010**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b><u>LIABILITIES:</u></b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 3,745,697	\$ -	\$ 3,745,697	\$ 285,569
Self insurance claims payable	8,850	-	8,850	2,156,164
Salaries payable	138,456	-	138,456	-
Retainage payable	371,195	-	371,195	-
Due to other funds	4,095,269	-	4,095,269	202,156
<b>Total current liabilities</b>	<b>8,359,467</b>	<b>-</b>	<b>8,359,467</b>	<b>2,643,889</b>
<b>Current liabilities payable from restricted assets:</b>				
Accounts payable	7,005,563	-	7,005,563	-
Bonds payable, net of unamortized debt expense	2,830,000	-	2,830,000	-
Accrued vacation leave	196,727	-	196,727	-
Accrued interest payable	703,555	-	703,555	-
Customer deposits	1,156,541	-	1,156,541	-
Inspection deposits	13,300	-	13,300	-
<b>Total current liabilities payable from restricted assets</b>	<b>11,905,686</b>	<b>-</b>	<b>11,905,686</b>	<b>-</b>
<b>Noncurrent liabilities:</b>				
Bonds payable, net of unamortized debt expense	43,722,685	-	43,722,685	-
<b>Total noncurrent liabilities</b>	<b>43,722,685</b>	<b>-</b>	<b>43,722,685</b>	<b>-</b>
<b>Total liabilities</b>	<b>63,987,838</b>	<b>-</b>	<b>63,987,838</b>	<b>2,643,889</b>
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	88,588,906	-	88,588,906	-
<b>Restricted for:</b>				
Capital renewal and replacement and system improvements	4,440,759	-	4,440,759	-
Debt service	134,688	353,165	487,853	-
Inflow and infiltration	1,761,705	-	1,761,705	-
Self insurance	-	-	-	1,358,914
Unrestricted	2,570,477	-	2,570,477	-
<b>Total net assets</b>	<b>\$ 97,496,535</b>	<b>\$ 353,165</b>	<b>97,849,700</b>	<b>\$ 1,358,914</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			627,697	
Net assets of business-type activities			<b>\$ 98,477,397</b>	

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, 2010**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b><u>OPERATING REVENUES:</u></b>				
Charges for service	\$ 4,870,467	\$ -	\$ 4,870,467	\$ 1,783,357
Other operating revenues	120,805	-	120,805	-
Total operating revenues	<u>4,991,272</u>	<u>-</u>	<u>4,991,272</u>	<u>1,783,357</u>
<b><u>OPERATING EXPENSES:</u></b>				
Personal services and related benefits	1,984,956	-	1,984,956	157,070
Utilities	864,467	-	864,467	-
Contractual services, supplies, and materials	1,186,229	-	1,186,229	-
Professional services	1,260,641	-	1,260,641	19,372
Insurance premiums	-	-	-	1,397,830
Insurance and claims expense	729,961	-	729,961	-
Depreciation and amortization	3,154,587	-	3,154,587	-
Other expenses (revenues)	185,184	-	185,184	17,974
Total operating expenses	<u>9,366,025</u>	<u>-</u>	<u>9,366,025</u>	<u>1,592,246</u>
Operating income (loss)	<u>(4,374,753)</u>	<u>-</u>	<u>(4,374,753)</u>	<u>191,111</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>				
Sales tax	4,591,379	-	4,591,379	-
Interest earnings:				
Restricted assets	201,585	2,534	204,119	-
Current assets	-	-	-	10,990
Interest expense and bank fees	(2,327,328)	-	(2,327,328)	-
Federal grants	602,925	-	602,925	-
Other nonoperating revenues	2,770	-	2,770	-
Deductions from taxes	(183,708)	-	(183,708)	-
Total nonoperating revenues (expenses)	<u>2,887,623</u>	<u>2,534</u>	<u>2,890,157</u>	<u>10,990</u>
Income (loss) before transfers	(1,487,130)	2,534	(1,484,596)	202,101
Transfers in	11,113,584	-	11,113,584	355,046
Transfers out	(797,050)	-	(797,050)	-
Change in net assets	8,829,404	2,534	8,831,938	557,147
Total net assets - beginning	<u>88,667,131</u>	<u>350,631</u>		<u>801,767</u>
Total net assets - ending	<u>\$ 97,496,535</u>	<u>\$ 353,165</u>		<u>\$ 1,358,914</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>128,045</u>	
Change in net assets of business-type activities			<u>\$ 8,959,983</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, 2010**

	<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	\$ 4,572,537	\$ -	\$ 4,572,537	\$ 1,783,357
Payments to suppliers	(1,803,554)	-	(1,803,554)	(1,391,599)
Payments to employees	(1,959,996)	-	(1,959,996)	-
Other operating payments	-	-	-	(157,070)
Receipts from and payments for interfund services	2,073,289	-	2,073,289	(147,844)
Net cash provided (used) by operating activities	2,882,276	-	2,882,276	86,844
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Net transfers in	10,316,534	-	10,316,534	355,046
Proceeds from federal grants	602,925	-	602,925	-
Payments for deductions for taxes	(183,708)	-	(183,708)	-
Receipts from sales tax	4,299,829	-	4,299,829	-
Other non operating revenues	2,770	-	2,770	-
Acquisition and construction of capital assets	(27,659,894)	-	(27,659,894)	-
Principal paid on capital debt	(2,739,066)	-	(2,739,066)	-
Interest paid on capital debt	(2,177,643)	-	(2,177,643)	-
Net cash provided (used) by capital and related financing activities	(17,538,253)	-	(17,538,253)	355,046
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Purchase of investments	-	-	-	(10,179)
Interest on cash management activities	201,585	2,534	204,119	10,990
Net cash provided by investing activities	201,585	2,534	204,119	811
Net increase (decrease) in cash and cash equivalents	(14,454,392)	2,534	(14,451,858)	442,701
Cash and cash equivalents - beginning	32,175,013	350,631	32,525,644	1,389,914
Cash and cash equivalents - ending	\$ 17,720,621	\$ 353,165	\$ 18,073,786	\$ 1,832,615

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, 2010**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	
<b><u>Classified as:</u></b>				
Cash and cash equivalents	\$ 581,130	\$ -	\$ 581,130	\$ 1,832,615
Restricted cash and cash equivalents:				
Revenue bond debt service reserve	153,542	-	153,542	-
Revenue bond debt service account	2,534,085	-	2,534,085	-
Capital renewal and replacement and system improvements accounts	247,046	-	247,046	-
Sales tax bond debt service reserve	980,616	-	980,616	-
Sales tax bond debt service account	9,852,154	-	9,852,154	-
Construction fund	1,594,168	-	1,594,168	-
Inflow and infiltration	1,761,705	-	1,761,705	-
Other debt service accounts	-	353,165	353,165	-
Customer meter deposits	16,175	-	16,175	-
	<u>\$ 17,720,621</u>	<u>\$ 353,165</u>	<u>\$ 18,073,786</u>	<u>\$ 1,832,615</u>
Totals				
	<u>\$ 17,720,621</u>	<u>\$ 353,165</u>	<u>\$ 18,073,786</u>	<u>\$ 1,832,615</u>
<b><u>Reconciliation of operating income (loss) to net cash used by operating activities:</u></b>				
Operating income (loss)	\$ (4,374,753)	\$ -	\$ (4,374,753)	\$ 191,111
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	3,154,587	-	3,154,587	-
(Increase) decrease in receivables	(527,453)	-	(527,453)	-
(Increase) decrease in unbilled charges	(32,312)	-	(32,312)	-
(Increase) decrease in inventory	1,082,340	-	1,082,340	-
(Increase) decrease in prepaid expenses	20,182	-	20,182	(7,086)
(Increase) decrease in due to (from) other funds	2,073,289	-	2,073,289	(159,963)
Increase (decrease) in accounts payable and other accruals	1,345,366	-	1,345,366	289,566
Increase (decrease) in customer deposits	141,030	-	141,030	-
Increase (decrease) in self insurance claims payable	-	-	-	(226,784)
	<u>7,257,029</u>	<u>-</u>	<u>7,257,029</u>	<u>(104,267)</u>
Total adjustments				
	<u>7,257,029</u>	<u>-</u>	<u>7,257,029</u>	<u>(104,267)</u>
Net cash provided (used) by operating activities	<u>\$ 2,882,276</u>	<u>\$ -</u>	<u>\$ 2,882,276</u>	<u>\$ 86,844</u>

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
DECEMBER 31, 2010

**(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 Government Department of Public Works Water and Sewer Division and the Districts	December 31	1
St. Bernard Parish Home Mortgage Authority	March 31	1
St. Bernard Parish Economic Development	December 31	2
Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court	December 31	3

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(a) Financial Reporting Entity (continued)**

**Blended Component Units**

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

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

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

**Discretely Presented Component Unit**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(a) Financial Reporting Entity (continued)**

**Discretely Presented Component Unit (continued)**

The St. Bernard Parish Home Mortgage Authority (the Authority) was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana. The Authority's operations consist of two single family mortgage revenue bond programs and one single family mortgage refunding bond program whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of bonds. The bonds issued by the Authority are general obligations of the Authority and are not obligations of the State of Louisiana or any other political subdivision thereof. The Authority has a Board of Trustees which are empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds. Separate 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, 2011. The Parish has elected to omit other required disclosures relating to this component unit as it is considered immaterial.

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

Separate audited financial reports prepared by other CPAs containing additional information that may be required of the Judicial Clerk's Fund of the Thirty-Fourth Judicial District Court and more detailed information regarding operational results are available from the Parish for the year ended December 31, 2010. The Parish has elected to omit other required disclosures relating to this component unit as it is considered immaterial.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(a) Financial Reporting Entity (continued)**

**Related Organizations**

*Considered in the determination of component units of the reporting entity were the Parish School Board, the Parish Assessor's Office, the Parish Clerk of Court, the Indigent Defender Board, the Parish Sheriff's Office, 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.

**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:

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(b) Basis of Presentation**

**FUND FINANCIAL STATEMENTS (CONTINUED)**

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

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

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

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

The *Garbage District #1 Fund* is used to account for the Parish's garbage collection and disposal system. These services are presently being contracted out to private firms. Revenues are derived from ad valorem taxes, state revenue sharing, and ½% dedicated sales tax for garbage collection.

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

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

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.

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

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

**Proprietary Funds:**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(b) Basis of Presentation**

**FUND FINANCIAL STATEMENTS**

**Proprietary Funds (continued):**

***Enterprise Funds*** - The *Water and Sewer Division Fund* is used to account for the water and sewerage operation of the Parish and the Districts. Revenues are derived from user fees and a ¼% sales tax.

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

The proprietary funds distinguish operating revenues and expenses from 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.

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

**FUND FINANCIAL STATEMENTS**

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

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

**FUND FINANCIAL STATEMENTS (CONTINUED)**

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

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

**(d) Budgetary Accounting**

The St. Bernard Parish Government adopted annual budgets for the General Fund, all Special Revenue Funds, 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.

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

**CASH, CASH EQUIVALENTS, AND INVESTMENTS**

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

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

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

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

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

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

**RESTRICTED ASSETS**

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

**ACCOUNTS RECEIVABLE**

Major accounts receivable are recorded for: (1) sales and use taxes; (2) ad valorem taxes; (3) road royalty; (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.

**INTERFUND RECEIVABLES AND PAYABLES**

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

**CAPITAL ASSETS**

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

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

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

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

**CAPITAL ASSETS (CONTINUED)**

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

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

**DEFERRED REVENUES**

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

**LIABILITY FOR CLAIMS AND 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, 2010.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

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

**LONG-TERM DEBT**

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

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

**Governmental Activities**

Unamortized debt expense of the governmental funds is comprised of costs associated with the 2003 Sales Tax Bond issues. The cost of issuance on the 2005 General Obligation Bonds of \$2,375 is amortized using the straight-line method over the 5-year life of the bond. The cost of issuance on the 2003 Sales Tax Bond of \$57,948 is amortized using the straight-line method over the 22-year life of the bond. Total amortization expense for the year ended December 31, 2010 was \$3,174.

**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, 2010 was \$39,627.

**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, 2010, accrued vacation was \$1,143,546 and accrued sick leave was \$273,142 for governmental activities.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

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

**COMPENSATED ABSENCES (CONTINUED)**

Employees of the St. Bernard Parish Government Department of Public Works Water and Sewer Division earn two to five weeks of paid vacation each year. Up to 90 days will be paid in cash at retirement or termination if proper notice is given. If proper notice is not given, up to 10 days may be subtracted from their accumulated vacation and the remainder is paid. Employees earn 12 days of sick leave each year, which may accumulate to a maximum of 90 days. At December 31, 2010, the accrued vacation was \$191,935 and accrued sick leave was \$4,792 for business-type activities.

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

**RESTRICTIONS AND DESIGNATIONS OF NET ASSETS**

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

**NET ASSETS**

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

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

**ACCOUNTING ESTIMATES**

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

**SUBSEQUENT EVENTS**

Subsequent events have been evaluated through June 21, 2011, which is the date the financial statements were available to be issued.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

**(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:				
Public Works Fund	\$ 7,127,021	\$ 5,857,560	\$ 1,296,461	22.13

**(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, 2010

**(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, 2010, 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>\$ 1,006,920</u>	<u>\$ 57,589,411</u>	<u>\$ -</u>	<u>\$ 54,834,743</u>

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

**(b) Investments - Primary Government**

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

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

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

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

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

Investments for the primary government at December 31, 2010, are categorized below in order to give an indication of the level of risk assumed by the entity at year-end.

	Risk Category			Carrying Amount
	1	2	3	
Certificates of Deposit	\$ <u>562,721</u>	\$ <u>4,850,062</u>	\$ <u>-</u>	\$ 5,412,783
Investments not subject to categorization:				
Louisiana Assets Management Pool (LAMP)				<u>289,596</u>
Total				<u>\$ 5,702,379</u>

In accordance with GASB Codification Section 150.126, the investment in LAMP at December 31, 2010 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

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

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

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

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

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

Cash equivalents consist of government backed pooled funds. The funds are held by the Authority's custodian's trust department in the Authority's name. The funds are managed by the Authority's custodian.

Component unit deposits at its year-end are categorized as category 1 of the three levels of credit risk as explained in section (a) of this note above.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

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

The bond indentures of the Authority authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield. Investments were held by the Authority at March 31, 2011 with a balance of \$4,684,047.

**(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:

<b>Governmental funds:</b>	
General Fund	\$ 26,257
Public Works	29,084
Garbage District No. 1	29,084
Consolidated Fire Protection District No. 1-2	75,314
Library	40,187
Non-major governmental funds	180,724
<b>Business-type funds:</b>	
Water and Sewer Division	283,060
Non-major business-type funds	<u>          -</u>
Total allowance for uncollectibles	<u>\$ 663,710</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

**(7) CAPITAL ASSETS**

(a) Capital asset activity of the primary government for the year ended December 31, 2010, was as follows:

	<u>01/01/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2010</u>
<b><u>Governmental Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 11,376,753	\$ 4,644,421	\$ -	\$ 16,021,174
Construction in progress	<u>54,824,785</u>	<u>68,839,924</u>	<u>(18,708,015)</u>	<u>104,956,694</u>
Total capital assets not being depreciated	<u>66,201,538</u>	<u>73,484,345</u>	<u>(18,708,015)</u>	<u>120,977,868</u>
Capital assets being depreciated:				
Land improvements	20,167	-	-	20,167
Buildings and building improvements	59,167,044	18,602,153	(7,071,414)	70,697,783
Furniture, fixtures, and equipment	1,377,360	-	-	1,377,360
Machinery and equipment	13,908,312	1,048,932	-	14,957,244
Road system	34,112,620	12,100	-	34,124,720
Bridges	<u>1,363,360</u>	<u>-</u>	<u>-</u>	<u>1,363,360</u>
Total capital assets being depreciated	109,948,863	19,663,185	(7,071,414)	122,540,634
Less: accumulated depreciation	<u>(31,674,207)</u>	<u>(3,828,355)</u>	<u>3,330,117</u>	<u>(32,172,445)</u>
Total capital assets being depreciated, net	<u>78,274,656</u>	<u>15,834,830</u>	<u>(3,741,297)</u>	<u>90,368,189</u>
Total governmental activities capital assets, net	<u>\$ 144,476,194</u>	<u>\$ 89,319,175</u>	<u>\$ (22,449,312)</u>	<u>\$ 211,346,057</u>
<b><u>Business-type Activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 221,036	\$ -	\$ -	\$ 221,036
Construction in progress	<u>26,173,320</u>	<u>34,330,496</u>	<u>(3,893,633)</u>	<u>56,610,183</u>
Total capital assets not being depreciated	<u>26,394,356</u>	<u>34,330,496</u>	<u>(3,893,633)</u>	<u>56,831,219</u>
Capital assets being depreciated:				
Buildings	1,718,929	7,070	-	1,725,999
Furniture, fixtures, and equipment	36,492	-	-	36,492
Machinery and equipment	1,795,813	9,598	-	1,805,411
Infrastructure	<u>168,806,301</u>	<u>2,962,306</u>	<u>-</u>	<u>171,768,607</u>
Total capital assets being depreciated	172,357,535	2,978,974	-	175,336,509
Less: accumulated depreciation	<u>(93,911,176)</u>	<u>(3,114,961)</u>	<u>-</u>	<u>(97,026,137)</u>
Total capital assets being depreciated, net	<u>78,446,359</u>	<u>(135,987)</u>	<u>-</u>	<u>78,310,372</u>
Total business-type activities capital assets, net	<u>\$ 104,840,715</u>	<u>\$ 34,194,509</u>	<u>\$ (3,893,633)</u>	<u>\$ 135,141,591</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

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

**Governmental Activities:**

General government:	
Judicial	\$ 259,877
Library	99,065
Other general government	286,234
Public safety	634,615
Public works	1,485,089
Culture and recreation	867,972
Health and welfare	<u>195,503</u>
 Total depreciation expense - governmental activities	 <u>\$ 3,828,355</u>

**Business-type Activities:**

Water and sewer	<u>\$ 3,114,961</u>
-----------------	---------------------

**(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, 2010:

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
Sales tax bonds	\$ 4,255,000	\$ -	\$ (245,000)	\$ 4,010,000	\$ 260,000
General obligation bonds	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>	<u>-</u>	<u>-</u>
 Total per fund financials	 4,605,000	 -	 (595,000)	 4,010,000	 260,000
Less: deferred issuance costs	<u>(37,943)</u>	<u>-</u>	<u>3,174</u>	<u>(34,769)</u>	<u>-</u>
 Total bonds payable, net of deferred issuance costs	 <u>4,567,057</u>	 <u>-</u>	 <u>(591,826)</u>	 <u>3,975,231</u>	 <u>260,000</u>
 Community Disaster Loan LA05	 8,979,262	 -	 (8,979,262)	 -	 -
Community Disaster Loan LA05A	8,979,262	-	(8,979,262)	-	-
Community Disaster Loan 1768	5,000,000	-	-	5,000,000	-
Compensated absences	<u>1,285,976</u>	<u>130,712</u>	<u>-</u>	<u>1,416,688</u>	<u>-</u>
 Total governmental activities	 <u>\$ 28,811,557</u>	 <u>\$ 130,712</u>	 <u>\$(18,550,350)</u>	 <u>\$ 10,391,919</u>	 <u>\$ 260,000</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**Primary Government (continued)**

**Summary of Changes in Long-Term Debt (continued)**

	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Business-type Activities:</u></b>					
Revenue bonds	\$ 250,000	\$ -	\$ (120,000)	\$ 130,000	\$ 130,000
Sales tax bonds	<u>49,564,672</u>	<u>-</u>	<u>(2,658,692)</u>	<u>46,905,980</u>	<u>2,700,000</u>
Total bonds payable	49,814,672	-	(2,778,692)	47,035,980	2,830,000
Less: deferred issuance costs	<u>(522,922)</u>	<u>-</u>	<u>39,627</u>	<u>(483,295)</u>	<u>-</u>
Total bonds payable, net of deferred issuance costs	<u>49,291,750</u>	<u>-</u>	<u>(2,739,065)</u>	<u>46,552,685</u>	<u>2,830,000</u>
Compensated absences	<u>196,727</u>	<u>-</u>	<u>-</u>	<u>196,727</u>	<u>-</u>
Total business-type activities	<u>\$ 49,488,477</u>	<u>\$ -</u>	<u>\$ (2,739,065)</u>	<u>\$ 46,749,412</u>	<u>\$ 2,830,000</u>

**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, 2010:

	<u>Interest</u> <u>Rate</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Original</u> <u>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	\$ 4,010,000
Community Disaster Loan 1768	1.88	4/13/09	4/2/2014	<u>5,000,000</u>	<u>5,000,000</u>
Total governmental activities				<u>11,970,000</u>	<u>9,010,000</u>
<b><u>Business-type Activities:</u></b>					
<b><u>Revenue bonds</u></b>					
<b><u>Water and Sewer Division:</u></b>					
2001 Revenue bonds	4.89	07/31/2001	08/01/2011	<u>950,000</u>	<u>130,000</u>
<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	39,820,000
Premium on 2004 sales tax bond		08/01/2004	03/01/2024	1,473,837	1,000,980
2008 Sales tax refunding bonds	3.88	3/27/2008	12/01/2019	<u>6,715,000</u>	<u>6,085,000</u>
Total sales tax bonds				<u>58,188,837</u>	<u>46,905,980</u>
Total business-type activities				<u>59,138,837</u>	<u>47,035,980</u>
Total all certificates, bonds and special assessments				<u>\$ 71,108,837</u>	<u>\$ 56,045,980</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**Primary Government (continued)**

**Debt Service Requirements to Maturity**

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

<u>Year Ending</u> <u>December 31.</u>	<u>Principal</u>	<u>Premium</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,090,000	\$ 73,692	\$ 2,314,885	\$ 5,478,577
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
2016-2020	19,095,000	368,460	5,893,177	25,356,637
2021-2024	<u>14,700,000</u>	<u>264,060</u>	<u>1,463,709</u>	<u>16,427,769</u>
Total	<u>\$ 55,045,000</u>	<u>\$ 1,000,980</u>	<u>\$ 17,974,937</u>	<u>\$ 74,020,917</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, 2010 was \$4,010,000.

On August 9, 2005, the 2005 General Obligation Bonds were issued for the purpose of refunding the 1997 General Obligation Bonds. The interest rate on the bonds is 2.70% and the bonds mature on February 1, 2010 with payments due in annual principal installments of \$310,000. No balance was outstanding at December 31, 2010, as this bond was paid in full during the year.

During the year FEMA officials formally canceled the repayment requirement on the outstanding Katrina-related Community Disaster Loans and associated accrued interest. The Parish recognized the forgiveness of the debt totaling \$19,820,654 in the accompanying Statement of Activities.

**Proprietary Fund Revenue Bonds**

On July 31, 2001, \$915,000 of the 1991 Revenue Bonds was defeased. As a result of the defeasance, \$950,000 of 2001 Revenue Refunding Bonds was issued with an interest rate of 4.89%. Annual principal installments range from \$65,000 to \$130,000 and the bonds mature on August 1, 2011. The balance outstanding at December 31, 2010 was \$130,000.

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**Primary Government (continued)**

**Proprietary Fund Revenue Bonds (continued)**

Pursuant to a resolution, the Water and Sewer Division has agreed in each bond year to fix, establish, and collect such rates and collect such fees, rentals, or other charges for all services, after making due allowance for delinquencies in collection and after providing for the payment of the reasonable and necessary expenses of operating and maintaining the system, to produce net revenues (1) that are sufficient to pay debt service on all outstanding bonds and to maintain the funds and accounts established in the resolution and (2) that result in each fiscal year in the greater of (a) the sum of debt service payable on the bonds in the ensuing fiscal year plus any required deposit to the Debt Service Reserve Fund or (b) a ratio of net revenues to average annual debt service of not less than 1.25 to 1. The ratio of net revenues to average annual debt service for the year ended December 31, 2010, was -6.8 to 1. The ratio is less than the minimum requirements of the bond indenture, however, the bond matures in August of 2011 and the Parish has the necessary funds in the debt service reserve account to retire the bond.

The bond agreement requires the Water and Sewer Division to establish and maintain the following accounts:

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

The Division has established and maintained the debt service reserve account and the debt service account. The renewal and replacement account was not maintained for the entire year as monthly deposits were not made into the account as required. Normally, monthly financials are prepared and 5% of the expenses are deposited into the account. However since Hurricane Katrina, no monthly financials were prepared and no deposits into the renewal and replacement account were made. As a result of prior year audit findings, the Division began preparing the monthly financials and depositing the proper amounts into the renewal and replacement account during April of 2010. At December 31, 2010, the cash and cash equivalent balances in the debt service reserve account, the debt service account, and the renewal and replacement account are \$153,542, \$6,260, and \$247,046, respectively. The account balances in the debt service reserve, debt service and renewal and replacement accounts exceed the minimum requirements of the bond indenture.

**Proprietary Fund Sales Tax Bonds**

On December 1, 1999, \$9,950,000 of the 1999 Sales Tax Bonds was issued. The interest rate on the bonds was 5.35%, and the bonds mature on December 1, 2019 with debt service payments due in annual principal installments from \$275,000 to \$460,000. However, the bonds were refinanced with 2008 Sales Tax Refunding Bonds which refunded \$6,335,000 of the 1999 Sales Tax Bond. No balance was outstanding for the 1999 Sales Tax Bonds at December 31, 2010, as this bond was paid in full during the year.

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, 2010 was \$39,820,000.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**Primary Government (continued)**

**Proprietary Fund Sales Tax Bonds (continued)**

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, 2010 was \$6,085,000.

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, 2010, the cash and cash equivalents balances in the debt service account, the debt service reserve account, the inflow and infiltration account and the construction fund account are \$9,809,687, \$2,447,808, \$1,761,705 and \$1,594,168, respectively. The account balances exceed the minimum requirements of the bond indentures.

**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, 2010, the customer meter deposits cash account had a balance of \$16,175 and meter liability of \$1,156,541.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

**Primary Government (continued)**

**Prior Years' Defeasance of Debt**

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

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**

Total rental expense for the year ended December 31, 2010 was \$887,580. The Water and Sewer Division receives lease income under the following agreements:

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

The Division also granted the St. Bernard Parish School Board the use of property at St. Bernard Highway and Palmisano Boulevard free of rent for a period of thirty years. Total rental income for the year ended December 31, 2010 was \$75,740. The future minimum rentals for the next five years and in the aggregate are:

<u>Year Ending December 31,</u>	
2011	\$ 17,250
2012	2,500
2013	2,500
2014	2,500
2015	<u>2,500</u>
Total	<u>\$ 27,250</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

The composition of due to/from other funds as of December 31, 2010, was as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Disaster Recovery	\$ 430,229
	Fire Protection	316,608
	Water & Sewer Fund	3,186,245
	Non-major Governmental	1,360,580
Public Works	Disaster Recovery	294,080
Non-major Governmental	Non-major Governmental	135,416
Water & Sewer Fund	Disaster Recovery	11,883,267
	Non-major Governmental	600,000
Disaster Recovery	General Fund	2,260,530
	Fire Protection	41,690
	Hurricane Reconstruction	1,193,866
	Water & Sewer Fund	6,049,863
Fire Protection	Disaster Recovery	156
Internal Service Fund	Non-major Governmental	83,955
	Water & Sewer Fund	909,025
Library Fund	General Fund	485,273
Hurricane Reconstruction	General Fund	1,284,554
	Fire Protection	289,686
	Public Works	1,122,341
	Sanitation Fund	341,669
	Non-major Governmental	165,262
	Disaster Recovery	<u>958,782</u>
		<u>\$ 33,393,076</u>

The composition of interfund transfers as of December 31, 2010, was as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Non-major Governmental	\$ 441,881
	Disaster Recovery	7,913,752
	General Fund	3,847,090
	Water & Sewer Fund	797,050
Fire Protection Fund	General Fund	1,577,413
	Hurricane Reconstruction	1,300,000
	Non-major Governmental	1,650,000
Public Works	General Fund	24,157
	Hurricane Reconstruction	1,150,000
Sanitation Fund	General Fund	11,870,637

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Internal Service Fund	General Fund	\$ 355,046
Disaster Recovery	Disaster Recovery	294,754
Water & Sewer Fund	General Fund	398,525
	Non-major Governmental	1,244,769
	Disaster Recovery	9,470,290
Non-major Governmental	General Fund	3,063,432
	Hurricane Reconstruction	350,000
	Disaster Recovery	216
	Non-major Governmental	21,100
		<b>\$ 45,770,112</b>

**(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, 2010 was \$15,293,200 (which includes a Parish payroll of \$13,506,385 and Water and Sewer Division payroll of \$1,786,815).

**(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.

**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. The contribution requirements of plan members and the Parish and Water and Sewer Division are established and may be amended by state statute. The Parish's contributions to the System for the years ended December 31, 2010, 2009 and 2008 were \$1,460,680, \$1,044,147, and \$1,015,013, respectively, equal to the required contributions for each year. For the year ended December 31, 2010, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$1,786,815. The Water and Sewer Division's contributions to the System for the years ended December 31, 2010, 2009, and 2008 were \$267,822, \$209,257, and \$225,678, respectively, equal to the required contributions for each year.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**(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** - Plan members are required to contribute 8% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2010, the Parish was paying a rate of 14.00% of payroll. On July 1, 2010, that rate increased to 21.50% 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, 2010, 2009, and 2008 were \$745,655, \$507,344, and \$455,870, 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, 2010, the Parish was paying a rate of 5.00% of payroll. On July 1, 2010, that rate increased to 9.00% 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, 2010, 2009, and 2008 were \$16,754, \$6,412, and \$0, respectively, equal to the required contributions for each year.

**(12) POST EMPLOYMENT BENEFITS**

**Plan Description**

St. Bernard Parish Government's medical and life 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. Complete plan provisions are included in the official plan documents.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

**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, St. Bernard Parish Government recognized the cost of providing post-employment medical benefits (St. Bernard 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 St. Bernard 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.

In 2010, St. Bernard 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**

St. Bernard 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, 2010 is \$1,078,533, as set forth below:

	<u>Medical</u>
Normal cost	\$ 306,973
30 year UAL amortization amount	771,560
Annual required contribution (ARC)	\$ 1,078,533

**Net Post-Employment Benefit Obligation (Asset)**

The table below shows the St. Bernard Parish Government's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending December 31, 2010:

	<u>Medical</u>
Beginning net OPEB Obligation (asset) 1/1/2010	\$ 1,020,684
Annual required contribution	1,078,533
Interest on net OPEB Obligation (asset)	40,827
ARC adjustment	(59,026)
OPEB cost	1,060,334
Contribution	-
Current year retiree premium	(934,955)
Change in net OPEB Obligation	125,379
Ending net OPEB Obligation (asset) 12/31/2010	\$ 1,146,063

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**Net Post-Employment Benefit Obligation (Asset) (continued)**

The following table shows St. Bernard 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 (Asset)</u>
Medical/Life	12/ 31/ 2010	<u>\$ 1,060,334</u>	88.18%	<u>\$ 1,146,063</u>

**Funded Status and Funding Progress**

In the fiscal year ending December 31, 2010, St. Bernard 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, 2010, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$13,342,236, 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 year 2010, the entire actuarial accrued liability of \$13,342,236 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 13,342,236
Actuarial Value of Plan Assets	-
Unfunded Actual Accrued Liability (UAAL)	<u>13,342,236</u>
Funded Ratio (Act. Val. Assets/AAL)	0%
Covered Payroll (active plan members)	15,291,224
UAAL as a percentage of covered payroll	87.25%

**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 St. Bernard Parish Government and its employee plan members) at the time of the valuation and on the pattern of sharing costs between St. Bernard 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 St. Bernard 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

**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>Percent 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.

**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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

**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). "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". We have 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.

**Governmental Activities**

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

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

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
DECEMBER 31, 2010

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

**Governmental Activities (continued)**

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

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

The following represents a reconciliation of total claims liability:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Claims liability at beginning of year	\$ 2,260,821	\$ 1,623,808	\$ 3,576,117
Increase in provision for incurred claims	575,232	1,345,849	-
Less: claims paid	<u>(770,554)</u>	<u>(708,836)</u>	<u>(1,952,309)</u>
Claims liability at end of year	<u>\$ 2,065,499</u>	<u>\$ 2,260,821</u>	<u>\$ 1,623,808</u>

**Business-type Activities**

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

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

The following represents a reconciliation of total claims liability:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Claims liability at beginning of year	\$ 122,127	\$ 208,086	\$ 868,252
Increase (decrease) in provision for incurred claims	(7,754)	202,953	-
Less: claims paid	<u>(23,708)</u>	<u>(288,912)</u>	<u>(660,166)</u>
Claims liability at end of year	<u>\$ 90,665</u>	<u>\$ 122,127</u>	<u>\$ 208,086</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, 2010, however, \$214,584 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.

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**DECEMBER 31, 2010**

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

As of December 31, 2010, the Division has filed a response to the deficiencies cited in the order and has placed into operation all improvements necessary to obtain compliance. However, the EPA has not officially cleared the Division of the violations. The Division can be assessed up to \$27,500 per day in penalties for noncompliance with the order. There have been no assessments by the EPA or penalties accrued in these financial statements.

During 2003, the St. Bernard Parish Department of Public Works Water and Sewer Division received several administrative orders from the United States Environmental Protection Agency (EPA). The orders stated that the Division has violated its National Pollutant Discharge Permit and the Clean Water Act. The EPA has allowed the Division a reasonable period, for each administrative order, to take corrective action to eliminate and prevent recurrence of the noncompliant discharges cited in the findings or to submit a comprehensive plan to eliminate and prevent recurrence of violations cited in findings.

As of December 31, 2010, the Division has filed a response to the deficiencies cited in the orders to obtain compliance. However, the EPA has not officially cleared the Division of the violations. There have been no assessments by the EPA or penalties accrued in these financial statements.

**(16) COMMITMENTS AND CONTINGENCIES**

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

**(17) LITIGATION**

The Parish and Water and Sewer Division are named as defendants in a number of lawsuits arising principally from claims related to personal injury, negligence, 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 \$2,065,499 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 \$90,655 have been accrued in the Water and Sewer Internal Service Fund. The Parish's "reasonably possible" loss contingencies at December 31, 2010 for which an amount of liability can be estimated is \$975,887 and is not reflected in these financial statements.

During the year, a judgment against St. Bernard Parish was awarded to The Greater New Orleans Fair Housing Action Center in the amount of \$1,219,881. The Parish currently plans to appeal all actions and judgments against them. The outcome of appeals cannot be determined therefore the liability is not reflected in these financial statements.

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.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Actual Amounts	Adjustments to Budgetary Basis	Actual Amounts on Budgetary Basis	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 968,324	\$ -	\$ 968,324	\$ 812,575	\$ 912,000	\$ 56,324
Sales and use	19,010,239	-	19,010,239	11,725,539	18,500,000	510,239
Other taxes, penalties, interest, etc	1,080,572	-	1,080,572	1,079,000	935,000	145,572
Licenses and permits	838,055	-	838,055	717,500	870,000	(31,945)
Intergovernmental revenues:						
Federal grants	2,639,550	-	2,639,550	740,790	673,000	1,966,550
State funds:						
Parish transportation funds	-	-	-	-	-	-
State revenue sharing (net)	1,751	-	1,751	-	-	1,751
Other	54,254	-	54,254	165,468	-	54,254
Fees, charges, and commissions for services	2,553,164	-	2,553,164	718,500	1,633,500	919,664
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	14,960	-	14,960	10,500	13,800	1,160
Special assessments	-	-	-	-	-	-
Public grants	-	-	-	-	-	-
Other government funds	-	-	-	-	-	-
Other revenues	706,249	-	706,249	622,592	343,800	362,449
<b>Total revenues</b>	<b>27,867,118</b>	<b>-</b>	<b>27,867,118</b>	<b>16,592,464</b>	<b>23,881,100</b>	<b>3,986,018</b>
<b>EXPENDITURES:</b>						
Current:						
General government:						
Legislative	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Elections	-	-	-	-	-	-
Finance and administration	-	-	-	-	-	-
Deductions by sales tax collector	1,650,066	-	1,650,066	938,043	1,480,000	(170,066)
Other general government	9,596,803	-	9,596,803	8,489,241	9,846,859	250,056
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and service charges	-	-	-	-	-	-
Capital outlay	962,154	-	962,154	562,052	400,750	(561,404)
<b>Total expenditures</b>	<b>12,209,023</b>	<b>-</b>	<b>12,209,023</b>	<b>9,989,336</b>	<b>11,727,609</b>	<b>(481,414)</b>
<b>Excess of revenues over expenditures</b>	<b>15,658,095</b>	<b>-</b>	<b>15,658,095</b>	<b>6,603,128</b>	<b>12,153,491</b>	<b>3,504,604</b>
<b>OTHER FINANCING SOURCES</b>						
<b>(USES):</b>						
Transfers in	12,999,773	-	12,999,773	4,187,368	4,873,509	8,126,264
Transfers out	(21,136,301)	-	(21,136,301)	(10,795,495)	(13,314,248)	(7,822,053)
<b>Total other financing sources (uses)</b>	<b>(8,136,528)</b>	<b>-</b>	<b>(8,136,528)</b>	<b>(6,608,127)</b>	<b>(8,440,739)</b>	<b>304,211</b>
<b>Net change in fund balances</b>	<b>7,521,567</b>	<b>-</b>	<b>7,521,567</b>	<b>(4,999)</b>	<b>3,712,752</b>	<b>3,808,815</b>
Fund balances - beginning	809,655	-	809,655	809,655	809,655	-
<b>Fund balances - ending</b>	<b>\$ 8,331,222</b>	<b>\$ -</b>	<b>\$ 8,331,222</b>	<b>\$ 804,656</b>	<b>\$ 4,522,407</b>	<b>\$ 3,808,815</b>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**PUBLIC WORKS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 904,467	\$ 717,500	\$ 900,000	\$ 4,467
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	1,416	-	1,750	(334)
Licenses and permits	50	-	-	50
Intergovernmental revenues:				
Federal grants	2,487,712	125,000	700,000	1,787,712
State funds:				
Parish transportation funds	-	90,000	506,750	(506,750)
State revenue sharing (net)	1,942	-	2,000	(58)
Other	1,816,868	1,631,706	1,267,540	549,328
Fees, charges, and commissions for services	150,016	50,000	129,885	20,131
Fines and forfeitures	-	-	-	-
Use of money and property	4,929	5,000	5,500	(571)
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	270,431	158,500	61,100	209,331
Total revenues	<u>5,637,831</u>	<u>2,777,706</u>	<u>3,574,525</u>	<u>2,063,306</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	7,102,904	5,321,601	5,842,560	(1,260,344)
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	24,117	5,000	15,000	(9,117)
Total expenditures	<u>7,127,021</u>	<u>5,326,601</u>	<u>5,857,560</u>	<u>(1,269,461)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,489,190)</u>	<u>(2,548,895)</u>	<u>(2,283,035)</u>	<u>793,845</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,174,157	1,248,895	1,201,490	(27,333)
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>1,174,157</u>	<u>1,248,895</u>	<u>1,201,490</u>	<u>(27,333)</u>
Net change in fund balances	(315,033)	(1,300,000)	(1,081,545)	766,512
Fund balances - beginning	1,189,218	1,189,218	1,189,218	-
Fund balances - ending	<u>\$ 874,185</u>	<u>\$ (110,782)</u>	<u>\$ 107,673</u>	<u>\$ 766,512</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**GARBAGE DISTRICT NO. 1**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 904,467	\$ 816,735	\$ 900,000	\$ 4,467
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	1,372	-	-	1,372
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	1,942	-	2,000	(58)
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>907,781</u>	<u>816,735</u>	<u>902,000</u>	<u>5,781</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	5,085,812	3,630,864	5,030,725	55,087
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>5,085,812</u>	<u>3,630,864</u>	<u>5,030,725</u>	<u>55,087</u>
Deficiency of revenues over expenditures	<u>(4,178,031)</u>	<u>(2,814,129)</u>	<u>(4,128,725)</u>	<u>(49,306)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	11,870,637	2,814,129	4,255,000	7,615,637
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>11,870,637</u>	<u>2,814,129</u>	<u>4,255,000</u>	<u>7,615,637</u>
Net change in fund balances	7,692,606	-	126,275	7,566,331
Fund balances - beginning	<u>(7,546,870)</u>	<u>(7,546,870)</u>	<u>(7,546,870)</u>	-
Fund balances - ending	<u>\$ 145,736</u>	<u>\$ (7,546,870)</u>	<u>\$ (7,420,595)</u>	<u>\$ 7,566,331</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**CONSOLIDATED FIRE PROTECTION DISTRICT NO. 1-2**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Variance with Final Budget - Positive (Negative)</u>
		<u>Original</u>	<u>Final</u>	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 2,247,463	\$ 2,042,554	\$ 2,158,000	\$ 89,463
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	3,980	-	2,500	1,480
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	194,112	-	150,000	44,112
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	1,847	-	1,850	(3)
Other	228,478	228,459	228,460	18
Fees, charges, and commissions for services	400,636	2,250	121,200	279,436
Fines and forfeitures	-	-	-	-
Use of money and property	3,619	3,000	3,000	619
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	63,894	-	50,000	13,894
Total revenues	<u>3,144,029</u>	<u>2,276,263</u>	<u>2,715,010</u>	<u>429,019</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	7,472,071	5,691,025	7,158,295	(313,776)
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	119,372	-	145,000	25,628
Total expenditures	<u>7,591,443</u>	<u>5,691,025</u>	<u>7,303,295</u>	<u>(288,148)</u>
Deficiency of revenues under expenditures	<u>(4,447,414)</u>	<u>(3,414,762)</u>	<u>(4,588,285)</u>	<u>140,871</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	4,527,413	3,414,762	4,443,285	84,128
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>4,527,413</u>	<u>3,414,762</u>	<u>4,443,285</u>	<u>84,128</u>
Net change in fund balances	79,999	-	(145,000)	224,999
Fund balances - beginning	<u>1,592,151</u>	<u>1,592,151</u>	<u>1,592,151</u>	-
Fund balances - ending	<u>\$ 1,672,150</u>	<u>\$ 1,592,151</u>	<u>\$ 1,447,151</u>	<u>\$ 224,999</u>

(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, 2010**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	112,632,940	146,026,863	106,784,900	5,848,040
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	1,386,233	-	-	1,386,233
Fees, charges, and commissions for services	80,571	-	-	80,571
Fines and forfeitures	-	-	-	-
Use of money and property	-	-	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	938	-	-	938
<b>Total revenues</b>	<b>114,100,682</b>	<b>146,026,863</b>	<b>106,784,900</b>	<b>7,315,782</b>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	39,432,281	41,000,000	27,000,000	(12,432,281)
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	63,794,952	105,026,863	79,784,900	15,989,948
<b>Total expenditures</b>	<b>103,227,233</b>	<b>146,026,863</b>	<b>106,784,900</b>	<b>3,557,667</b>
<b>Excess of revenues over expenditures</b>	<b>10,873,449</b>	<b>-</b>	<b>-</b>	<b>10,873,449</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	294,754	-	-	294,754
Transfers out	(17,679,013)	-	-	(17,679,013)
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources and uses</b>	<b>(17,384,259)</b>	<b>-</b>	<b>-</b>	<b>(17,384,259)</b>
<b>Net change in fund balances</b>	<b>(6,510,810)</b>	<b>-</b>	<b>-</b>	<b>(6,510,810)</b>
Fund balances - beginning	10,738,564	10,738,564	10,738,564	-
Fund balances - ending	\$ 4,227,754	\$ 10,738,564	\$ 10,738,564	\$ (6,510,810)

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL**  
**LIBRARY**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	Actual Amounts	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 1,098,601	\$ 750,000	\$ 750,000	\$ 348,601
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	1,000,000	1,000,000	(1,000,000)
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	3,605	-	-	3,605
Other	13,656	-	-	13,656
Fees, charges, and commissions for services	8,111	-	-	8,111
Fines and forfeitures	4,563	-	-	4,563
Use of money and property	216,548	75,000	75,000	141,548
Special assessments	-	-	-	-
Public grants	6,515	-	-	6,515
Other government funds	-	-	-	-
Other revenues	73,783	500,000	500,000	(426,217)
Total revenues	<u>1,425,382</u>	<u>2,325,000</u>	<u>2,325,000</u>	<u>(899,618)</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Deductions by sales tax collector	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Cultural and recreation	-	-	-	-
Health and welfare	359,636	1,125,000	1,125,000	765,364
Economic development	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	39,254	1,200,000	1,200,000	1,160,746
Total expenditures	<u>398,890</u>	<u>2,325,000</u>	<u>2,325,000</u>	<u>1,926,110</u>
Excess of revenues over expenditures	1,026,492	-	-	1,026,492
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,026,492	-	-	1,026,492
Fund balances - beginning	<u>10,130,457</u>	<u>10,130,457</u>	<u>10,130,457</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,156,949</u>	<u>\$ 10,130,457</u>	<u>\$ 10,130,457</u>	<u>\$ 1,026,492</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**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:				
Public Works Fund	\$ 7,127,021	\$ 5,857,560	\$ 1,269,461	21.68

**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, 2010**

**Special Revenue Funds**

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

**Civic Auditorium Fund**

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

**Criminal Court Fund**

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

**Judicial Court Reporter Fund**

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

**Council on Aging Fund**

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

**Community Development Fund**

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

**Recreation Fund**

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

**Road Lighting District No. 1 Fund**

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

**Workforce Investment Act Fund**

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

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)**  
**DECEMBER 31, 2010**

**Special Revenue Funds (Continued)**

**District Attorney General Fund**

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

**Health Fund**

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

**Communications Fund**

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

**Housing Voucher Program Fund**

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

**Contingency Criminal Court "A" Fund**

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

**Human Resources Fund**

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

**Urban Mass Transportation Administration Fund**

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

**Environmental Mitigation Fund**

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

**Deputy Witness Fee Fund**

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

**Hospital Service Fund**

This fund is used to account for the Parish's obligations with regard to the creation of the Hospital Services District.

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)**  
**DECEMBER 31, 2010**

**Special Revenue Funds (Continued)**

**Low Income Home Energy Assistance Program Fund**

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

**Day Care Fund**

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

**Federal Emergency Management Assistance Fund**

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

**Community Disaster Block Grant (CDBG) Fund**

This fund is used to account for the proceeds and expenses associated with CDBG funds.

**Hazard Mitigation Fund**

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

**BP Oil Spill Fund**

This fund is used to account for the proceeds and expenses associated to the response and cleanup of the Deepwater Horizon Oil Spill.

**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, 2010**

**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.

**Community Disaster Loan Fund**

This fund is used to accumulate monies for the repayment of the Community Disaster Loan. This loan has no payments due at December 31, 2010.

**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.

**Capital Projects Fund**

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

**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.

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS (CONTINUED)**  
**DECEMBER 31, 2010**

**Capital Projects Funds (continued)**

**Rebuild St. Bernard Fund**

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

**Permanent Work Fund**

This fund is used to account for funds received to rebuild St. Bernard after Hurricane Katrina.

**ST. BERNARD PARISH GOVERNMENT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 429,359	\$ 40,560	\$ 386,634
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	259,896
Intergovernmental	-	-	-	-
Other	109,405	16,151	1,610	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	10,115	-	-	3,253
Other assets	-	-	-	-
<b>Total assets</b>	<b><u>\$ 119,520</u></b>	<b><u>\$ 445,510</u></b>	<b><u>\$ 42,170</u></b>	<b><u>\$ 649,783</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	25,706	3,690	4,148	292,804
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	11,934	-	24,676	(87)
Due to other funds	71,698	214,584	-	-
Deferred revenues	-	-	-	12,513
<b>Total liabilities</b>	<b><u>109,338</u></b>	<b><u>218,274</u></b>	<b><u>28,824</u></b>	<b><u>305,230</u></b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Debt service	-	-	-	-
Encumbrances	-	-	2,050	-
<b>Unreserved, undesignated, reported in:</b>				
Special revenue funds	10,182	227,236	11,296	344,553
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total fund balances</b>	<b><u>10,182</u></b>	<b><u>227,236</u></b>	<b><u>13,346</u></b>	<b><u>344,553</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 119,520</u></b>	<b><u>\$ 445,510</u></b>	<b><u>\$ 42,170</u></b>	<b><u>\$ 649,783</u></b>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

<u>Special Revenue</u>				
<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ 134,287	\$ 68,848	\$ 62,514	\$ 155,493	\$ 50,020
-	599,136	334,657	-	-
3,000	-	-	197,079	-
-	10,525	16,719	-	-
-	-	-	-	-
-	43,527	-	-	3,658
-	-	-	-	-
<u>\$ 137,287</u>	<u>\$ 722,036</u>	<u>\$ 413,890</u>	<u>\$ 352,572</u>	<u>\$ 53,678</u>
\$ -	\$ -	\$ -	\$ -	\$ -
15,175	107,806	61,236	28,828	25,140
-	-	-	-	-
55,517	47,896	-	170,277	21,804
-	37,678	126,413	83,955	-
-	33,319	16,644	74,189	-
<u>70,692</u>	<u>226,699</u>	<u>204,293</u>	<u>357,249</u>	<u>46,944</u>
-	-	-	-	-
1,974	11,172	2,576	-	-
64,621	484,165	207,021	(4,677)	6,734
-	-	-	-	-
<u>66,595</u>	<u>495,337</u>	<u>209,597</u>	<u>(4,677)</u>	<u>6,734</u>
<u>\$ 137,287</u>	<u>\$ 722,036</u>	<u>\$ 413,890</u>	<u>\$ 352,572</u>	<u>\$ 53,678</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 996,021	\$ 304,097	\$ -	\$ 11,913
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	172,346	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	5,417	-	-	-
Other assets	-	3,440	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,173,784</u>	<u>\$ 307,537</u>	<u>\$ -</u>	<u>\$ 11,913</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	7,154	14,002	-	1,560
Retainage payable	-	-	-	(1)
Salaries and payroll deductions payable	-	-	-	8,708
Due to other funds	-	-	-	-
Deferred revenues	8,504	-	-	-
Total liabilities	<u>15,658</u>	<u>14,002</u>	<u>-</u>	<u>10,267</u>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Debt service	-	-	-	-
Encumbrances	-	7,446	-	-
<b>Unreserved, undesignated, reported in:</b>				
Special revenue funds	1,158,126	286,089	-	1,646
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
Total fund balances	<u>1,158,126</u>	<u>293,535</u>	<u>-</u>	<u>1,646</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 1,173,784</u>	<u>\$ 307,537</u>	<u>\$ -</u>	<u>\$ 11,913</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

<u>Special Revenue</u>				
<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Hospital Service</u>
\$ 2,450,370	\$ 1,148,253	\$ 19,666	\$ 102,749	\$ -
-	-	-	-	-
223,632	-	-	-	-
39,581	678,177	-	3,712	600,000
-	-	-	-	-
135,416	-	-	-	-
19	799	-	-	-
-	-	-	-	-
<u>\$ 2,849,018</u>	<u>\$ 1,827,229</u>	<u>\$ 19,666</u>	<u>\$ 106,461</u>	<u>\$ 600,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -
13,161	177,133	-	4,575	-
-	18,219	-	-	-
43,439	25,518	-	-	-
101,270	-	-	136,611	600,000
-	-	-	-	-
<u>157,870</u>	<u>220,870</u>	<u>-</u>	<u>141,186</u>	<u>600,000</u>
-	-	-	-	-
4,112	94,457	-	-	-
2,687,036	1,511,902	19,666	(34,725)	-
-	-	-	-	-
<u>2,691,148</u>	<u>1,606,359</u>	<u>19,666</u>	<u>(34,725)</u>	<u>-</u>
<u>\$ 2,849,018</u>	<u>\$ 1,827,229</u>	<u>\$ 19,666</u>	<u>\$ 106,461</u>	<u>\$ 600,000</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

	<b>Special Revenue</b>			
	<b>Low Income Home Energy Assistance Program</b>	<b>Daycare</b>	<b>Federal Emergency Management Assistance</b>	<b>CDBG Disaster</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ -	\$ 7,951	\$ 2,442	\$ 561
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	4,770,928
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 7,951</b>	<b>\$ 2,442</b>	<b>\$ 4,771,489</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	3,884,593
Retainage payable	-	-	-	267,598
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	135,416	-	-	609,223
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<b>135,416</b>	<b>-</b>	<b>-</b>	<b>4,761,414</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
<b>Unreserved, undesignated, reported in:</b>				
Special revenue funds	(135,416)	7,951	2,442	10,075
Debt service funds	-	-	-	-
Capital projects funds	-	-	-	-
<b>Total fund balances</b>	<b>(135,416)</b>	<b>7,951</b>	<b>2,442</b>	<b>10,075</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 7,951</b>	<b>\$ 2,442</b>	<b>\$ 4,771,489</b>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

<u>Special Revenue</u>			<u>Debt Service</u>	
<u>Hazard Mitigation</u>	<u>BP Oil Spill</u>	<u>Total</u>	<u>Versailles Industrial Park Sinking</u>	<u>Bond Reserve 1996</u>
\$ 3,771,186	\$ 756,906	\$ 10,899,830	\$ 421	\$ 929
-	-	1,366,035	-	-
-	-	423,711	-	-
164,436	-	6,411,244	9,154	-
-	-	-	-	-
-	-	135,416	-	-
-	-	66,788	-	-
-	-	3,440	-	-
<u>\$ 3,935,622</u>	<u>\$ 756,906</u>	<u>\$ 19,306,464</u>	<u>\$ 9,575</u>	<u>\$ 929</u>
\$ -	\$ -	\$ -	\$ -	\$ -
221,560	5,319	4,893,590	-	-
-	-	285,816	-	-
-	-	409,682	-	-
-	6,653	2,123,501	24,898	-
4,175,489	-	4,320,658	-	-
<u>4,397,049</u>	<u>11,972</u>	<u>12,033,247</u>	<u>24,898</u>	<u>-</u>
-	-	-	-	-
-	-	123,787	-	-
(461,427)	744,934	7,149,430	-	-
-	-	-	(15,323)	929
-	-	-	-	-
<u>(461,427)</u>	<u>744,934</u>	<u>7,273,217</u>	<u>(15,323)</u>	<u>929</u>
<u>\$ 3,935,622</u>	<u>\$ 756,906</u>	<u>\$ 19,306,464</u>	<u>\$ 9,575</u>	<u>\$ 929</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<b>Debt Service</b>			<b>Total</b>
	<b>2003 Sales Tax Refunding</b>	<b>1990 and 1997 General Obligation Bond</b>	<b>Community Disaster Loan</b>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 324,926	\$ 399,774	\$ -	\$ 726,050
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	9,154
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	-
Prepays	-	-	-	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 324,926</b>	<b>\$ 399,774</b>	<b>\$ -</b>	<b>\$ 735,204</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	(39,520)	(39,520)
Retainage payable	-	-	-	-
Salaries and payroll deductions payable	-	-	-	-
Due to other funds	-	-	-	24,898
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>(39,520)</b>	<b>(14,622)</b>
<b>Fund balances:</b>				
<b>Reserved for:</b>				
Debt service	-	-	-	-
Encumbrances	-	-	-	-
<b>Unreserved, undesignated, reported in:</b>				
Special revenue funds	-	-	-	-
Debt service funds	324,926	399,774	39,520	749,826
Capital projects funds	-	-	-	-
<b>Total fund balances</b>	<b>324,926</b>	<b>399,774</b>	<b>39,520</b>	<b>749,826</b>
<b>Total liabilities and fund balances</b>	<b>\$ 324,926</b>	<b>\$ 399,774</b>	<b>\$ -</b>	<b>\$ 735,204</b>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT  
COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

<u>Capital Projects</u>				
<u>Urban System Roadway Reconstruction</u>	<u>Capital Projects</u>	<u>Courthouse Capital</u>	<u>2003 Sales Tax Bonds</u>	<u>1990 General Obligation Bond</u>
\$ 910,098	\$ 206	\$ 1,937,693	\$ 552,083	\$ 229
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 910,098</u>	<u>\$ 206</u>	<u>\$ 1,937,693</u>	<u>\$ 552,083</u>	<u>\$ 229</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	198,169	-
13,635	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>13,635</u>	<u>-</u>	<u>-</u>	<u>198,169</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
896,463	206	1,937,693	353,914	229
<u>896,463</u>	<u>206</u>	<u>1,937,693</u>	<u>353,914</u>	<u>229</u>
<u>\$ 910,098</u>	<u>\$ 206</u>	<u>\$ 1,937,693</u>	<u>\$ 552,083</u>	<u>\$ 229</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING BALANCE SHEET (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2010**

	<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 35,280	\$ -	\$ 3,435,589	\$ 15,061,469
Receivables (net of allowances for uncollectibles)				
Ad valorem taxes	-	-	-	1,366,035
Intergovernmental	-	-	-	423,711
Other	-	-	-	6,420,398
Special assessments:				
Deferred	-	-	-	-
Due from other funds	-	-	-	135,416
Prepays	-	-	-	66,788
Other assets	-	-	-	3,440
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 35,280</u>	<u>\$ -</u>	<u>\$ 3,435,589</u>	<u>\$ 23,477,257</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
Liabilities:				
Cash overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	(3,738)	194,431	5,048,501
Retainage payable	-	-	13,635	299,451
Salaries and payroll deductions payable	-	-	-	409,682
Due to other funds	-	-	-	2,148,399
Deferred revenues	-	-	-	4,320,658
Total liabilities	<u>          </u>	<u>(3,738)</u>	<u>208,066</u>	<u>12,226,691</u>
Fund balances:				
Reserved for:				
Debt service	-	-	-	-
Encumbrances	-	-	-	123,787
Unreserved, undesignated, reported in:				
Special revenue funds	-	-	-	7,149,430
Debt service funds	-	-	-	749,826
Capital projects funds	35,280	3,738	3,227,523	3,227,523
Total fund balances	<u>35,280</u>	<u>3,738</u>	<u>3,227,523</u>	<u>11,250,566</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 35,280</u>	<u>\$ -</u>	<u>\$ 3,435,589</u>	<u>\$ 23,477,257</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, 2010**

	<u>Special Revenue</u>			
	<u>Civic Auditorium</u>	<u>Criminal Court</u>	<u>Judicial Court Reporter</u>	<u>Council on Aging</u>
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 278,976
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	423
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	13,521	27,930	-
Fines and forfeitures	-	313,615	-	-
Use of money and property	2	-	-	1,782
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	109,632	17,853	-	-
Total revenues	<u>109,634</u>	<u>344,989</u>	<u>27,930</u>	<u>281,181</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Legislative	-	-	-	-
Judicial	-	-	365,834	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	127,165	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	351,618
Culture and recreation	270,738	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	36,585	-	-	-
Total expenditures	<u>307,323</u>	<u>127,165</u>	<u>365,834</u>	<u>351,618</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(197,689)</u>	<u>217,824</u>	<u>(337,904)</u>	<u>(70,437)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	198,969	-	401,791	72,774
Transfers out	-	(457,879)	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>198,969</u>	<u>(457,879)</u>	<u>401,791</u>	<u>72,774</u>
Net change in fund balances	1,280	(240,055)	63,887	2,337
Fund balances - beginning	<u>8,902</u>	<u>467,291</u>	<u>(50,541)</u>	<u>342,216</u>
Fund balances - ending	<u>\$ 10,182</u>	<u>\$ 227,236</u>	<u>\$ 13,346</u>	<u>\$ 344,553</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, 2010**

<u>Special Revenue</u>				
<u>Community Development</u>	<u>Recreation Department</u>	<u>Road Lighting District No. 1</u>	<u>Workforce Investment Act</u>	<u>District Attorney General</u>
\$ -	\$ 643,152	\$ 359,349	\$ -	\$ -
-	-	-	-	-
-	61,305	549	-	-
391,247	-	-	-	-
156,172	-	6,156	3,273,826	-
-	-	-	-	-
-	1,383	777	-	-
47,530	83,448	-	-	-
35,142	100,488	-	-	834
-	-	-	-	-
280	1,017	262	2,677	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,136	58,926	-	-	204
<u>631,507</u>	<u>949,719</u>	<u>367,093</u>	<u>3,276,503</u>	<u>1,038</u>
-	-	-	-	-
-	-	-	-	659,120
-	-	-	-	-
-	-	-	3,177,699	-
-	-	-	-	-
-	-	747,646	-	-
1,147,514	-	-	-	-
-	1,254,790	-	-	-
-	-	-	-	-
-	-	-	-	-
-	94,811	-	4,813	-
<u>1,147,514</u>	<u>1,349,601</u>	<u>747,646</u>	<u>3,182,512</u>	<u>659,120</u>
<u>(516,007)</u>	<u>(399,882)</u>	<u>(380,553)</u>	<u>93,991</u>	<u>(658,082)</u>
609,462	420,298	383,128	-	721,903
-	-	-	-	-
<u>609,462</u>	<u>420,298</u>	<u>383,128</u>	<u>-</u>	<u>721,903</u>
93,455	20,416	2,575	93,991	63,821
<u>(26,860)</u>	<u>474,921</u>	<u>207,022</u>	<u>(98,668)</u>	<u>(57,087)</u>
<u>\$ 66,595</u>	<u>\$ 495,337</u>	<u>\$ 209,597</u>	<u>\$ (4,677)</u>	<u>\$ 6,734</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, 2010**

	<u>Special Revenue</u>			
	<u>Health</u>	<u>Communications</u>	<u>Housing Voucher Program</u>	<u>Contingency Criminal Court "A"</u>
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ 184,957	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	279	322,638	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	-
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	395	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	3,568	1,517	-	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	(2,285)
Total revenues	<u>189,199</u>	<u>324,155</u>	<u>-</u>	<u>(2,285)</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Legislative	-	-	-	-
Judicial	-	-	-	92,340
Elections	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	370,998	-	-
Public works	-	-	-	-
Health and welfare	26,107	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	8,926	-	-
Total expenditures	<u>26,107</u>	<u>379,924</u>	<u>-</u>	<u>92,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>163,092</u>	<u>(55,769)</u>	<u>-</u>	<u>(94,625)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	5,100	101,560
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,100</u>	<u>101,560</u>
Net change in fund balances	163,092	(55,769)	5,100	6,935
Fund balances - beginning	<u>995,034</u>	<u>349,304</u>	<u>(5,100)</u>	<u>(5,289)</u>
Fund balances - ending	<u>\$ 1,158,126</u>	<u>\$ 293,535</u>	<u>\$ -</u>	<u>\$ 1,646</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, 2010**

<u>Special Revenue</u>				
<u>Human Resources</u>	<u>Urban Mass Transportation Administration</u>	<u>Environmental Mitigation</u>	<u>Deputy Witness Fee</u>	<u>Hospital Service</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
6,368,061	746,106	-	-	-
-	79,257	-	-	-
40,141	-	-	-	-
-	29,833	-	78,747	-
12,826	4,433	70	11	-
-	-	-	-	-
-	-	-	-	-
5,603	5,423	-	-	-
<u>6,426,631</u>	<u>865,052</u>	<u>70</u>	<u>78,758</u>	<u>-</u>
-	-	-	-	-
-	-	-	123,400	-
-	-	-	-	-
-	474,824	-	-	-
-	-	-	-	-
7,722,981	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,388	210,268	-	-	-
<u>7,728,369</u>	<u>685,092</u>	<u>-</u>	<u>123,400</u>	<u>-</u>
<u>(1,301,738)</u>	<u>179,960</u>	<u>70</u>	<u>(44,642)</u>	<u>-</u>
6,625	-	-	83,000	-
(5,100)	-	-	-	-
-	-	-	-	-
<u>1,525</u>	<u>-</u>	<u>-</u>	<u>83,000</u>	<u>-</u>
(1,300,213)	179,960	70	38,358	-
<u>3,991,361</u>	<u>1,426,399</u>	<u>19,596</u>	<u>(73,083)</u>	<u>-</u>
<u>\$ 2,691,148</u>	<u>\$ 1,606,359</u>	<u>\$ 19,666</u>	<u>\$ (34,725)</u>	<u>\$ -</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Special Revenue</b>			
	<b>Low Income Home Energy Assistance Program</b>	<b>Daycare</b>	<b>Federal Emergency Management Assistance</b>	<b>CDBG Disaster</b>
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ -
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenues:				
Federal grants	-	-	-	8,139,278
State funds:				
Parish transportation funds	-	-	-	-
State revenue sharing (net)	-	-	-	-
Other	-	-	-	-
Fees, charges, and commissions for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	-	28	8	-
Special assessments	-	-	-	-
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>-</u>	<u>28</u>	<u>8</u>	<u>8,139,278</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	-	-	-
Other general government	-	-	-	-
Public safety	-	-	-	6,881,906
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and service charges	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,881,906</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>28</u>	<u>8</u>	<u>1,257,372</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	216
Transfers out	-	-	-	(1,244,769)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,244,553)</u>
Net change in fund balances	-	28	8	12,819
Fund balances - beginning	(135,416)	7,923	2,434	(2,744)
Fund balances - ending	<u>\$ (135,416)</u>	<u>\$ 7,951</u>	<u>\$ 2,442</u>	<u>\$ 10,075</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, 2010**

Special Revenue			Debt Service	
Hazard Mitigation	BP Oil Spill	Total	Versailles Industrial Park Sinking	Bond Reserve 1996
\$ -	\$ -	\$ 1,466,434	\$ -	\$ -
-	-	-	-	-
-	-	385,194	-	-
-	-	391,247	-	-
4,221,817	-	22,911,416	-	-
-	-	79,257	-	-
-	-	2,555	-	-
-	-	171,119	-	-
-	-	207,748	-	-
-	-	392,362	-	-
-	-	28,481	1	3
-	-	-	420	-
-	-	-	-	-
-	-	-	-	-
-	7,575,598	7,772,090	-	-
<u>4,221,817</u>	<u>7,575,598</u>	<u>33,807,903</u>	<u>421</u>	<u>3</u>
-	-	-	-	-
-	-	1,240,694	-	-
-	-	-	-	-
-	-	3,779,688	-	-
-	-	7,252,904	-	-
-	-	747,646	-	-
48,473	6,830,664	16,127,357	-	-
-	-	1,525,528	-	-
-	-	-	-	-
-	-	-	-	-
4,634,771	-	4,995,562	-	-
<u>4,683,244</u>	<u>6,830,664</u>	<u>35,669,379</u>	<u>-</u>	<u>-</u>
<u>(461,427)</u>	<u>744,934</u>	<u>(1,861,476)</u>	<u>421</u>	<u>3</u>
-	-	3,004,826	-	-
-	-	(1,707,748)	-	-
-	-	-	-	-
-	-	1,297,078	-	-
<u>(461,427)</u>	<u>744,934</u>	<u>(564,398)</u>	<u>421</u>	<u>3</u>
-	-	7,837,615	(15,744)	926
<u>\$ (461,427)</u>	<u>\$ 744,934</u>	<u>\$ 7,273,217</u>	<u>\$ (15,323)</u>	<u>\$ 929</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, 2010**

	<b>Debt Service</b>			<b>Total</b>
	<b>2003 Sales Tax Refunding</b>	<b>1990 and 1997 General Obligation Bond</b>	<b>Community Disaster Loan</b>	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ 21,974	\$ -	\$ 21,974
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	759	3,648	-	4,411
Special assessments	-	-	-	420
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	-
Total revenues	<u>759</u>	<u>25,622</u>	<u>-</u>	<u>26,805</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Legislative	-	-	-	-
Judicial	-	-	-	-
Elections	-	-	-	-
Finance and administration	-	20	-	20
Other general government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Debt service:				
Principal	245,000	350,000	-	595,000
Interest and service charges	176,418	4,725	-	181,143
Capital outlay	-	-	-	-
Total expenditures	<u>421,418</u>	<u>354,745</u>	<u>-</u>	<u>776,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(420,659)</u>	<u>(329,123)</u>	<u>-</u>	<u>(749,358)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	429,922	-	-	429,922
Transfers out	-	-	-	-
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>429,922</u>	<u>-</u>	<u>-</u>	<u>429,922</u>
Net change in fund balances	9,263	(329,123)	-	(319,436)
Fund balances - beginning	<u>315,663</u>	<u>728,897</u>	<u>39,520</u>	<u>1,069,262</u>
Fund balances - ending	<u>\$ 324,926</u>	<u>\$ 399,774</u>	<u>\$ 39,520</u>	<u>\$ 749,826</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, 2010**

	<u>Capital Projects</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Rebuild St. Bernard</u>	<u>Permanent Work</u>	<u>Total</u>	
<b>REVENUES:</b>				
Taxes:				
Ad valorem	\$ -	\$ -	\$ -	\$ 1,488,408
Sales and use	-	-	-	-
Other taxes, penalties, interest, etc.	-	-	-	385,194
Licenses and permits	-	-	-	391,247
Intergovernmental revenues:				
Federal grants	-	-	-	22,911,416
State funds:				
Parish transportation funds	-	-	-	79,257
State revenue sharing (net)	-	-	-	2,555
Other	-	-	-	171,119
Fees, charges, and commissions for services	-	-	-	207,748
Fines and forfeitures	-	-	-	392,362
Use of money and property	5,658	-	17,612	50,504
Special assessments	-	-	-	420
Public grants	-	-	-	-
Other government funds	-	-	-	-
Other revenues	-	-	-	7,772,090
Total revenues	<u>5,658</u>	<u>-</u>	<u>17,612</u>	<u>33,852,320</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Legislative	-	-	-	-
Judicial	-	-	-	1,240,694
Elections	-	-	-	-
Finance and administration	-	-	-	20
Other general government	-	(3,738)	(3,738)	3,775,950
Public safety	-	-	-	7,252,904
Public works	-	-	15,395	763,041
Health and welfare	-	-	-	16,127,357
Culture and recreation	-	-	-	1,525,528
Economic development	-	-	-	-
Debt service:				
Principal	-	-	-	595,000
Interest and service charges	-	-	-	181,143
Capital outlay	-	-	585,216	5,580,778
Total expenditures	<u>-</u>	<u>(3,738)</u>	<u>585,216</u>	<u>5,580,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,658</u>	<u>3,738</u>	<u>(579,261)</u>	<u>(3,190,095)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	3,434,748
Transfers out	(1,650,000)	-	(1,650,000)	(3,357,748)
Proceeds from long-term debt	-	-	-	-
Total other financing sources (uses)	<u>(1,650,000)</u>	<u>-</u>	<u>(1,650,000)</u>	<u>77,000</u>
Net change in fund balances	<u>(1,644,342)</u>	<u>3,738</u>	<u>(2,229,261)</u>	<u>(3,113,095)</u>
Fund balances - beginning	<u>1,679,622</u>	<u>-</u>	<u>5,456,784</u>	<u>14,363,661</u>
Fund balances - ending	<u>\$ 35,280</u>	<u>\$ 3,738</u>	<u>\$ 3,227,523</u>	<u>\$ 11,250,566</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**NONMAJOR ENTERPRISE FUND DESCRIPTIONS**  
**DECEMBER 31, 2010**

**Water District No. 1**

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

**Water District No. 2**

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

**Sewer District No. 1**

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

**Sewer District No. 2**

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

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
DECEMBER 31, 2010

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total Nonmajor Enterprise Funds
<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>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewerage District No. 1</u>	<u>Sewerage District No. 2</u>	<u>Total Nonmajor Enterprise Funds</u>
<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	762	958	80	734	2,534
Deductions from taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>762</u>	<u>958</u>	<u>80</u>	<u>734</u>	<u>2,534</u>
Income before transfers	762	958	80	734	2,534
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in net assets	762	958	80	734	2,534
Total net assets - beginning	<u>96,215</u>	<u>132,570</u>	<u>11,084</u>	<u>110,762</u>	<u>350,631</u>
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, 2010**

	<u>Water District No. 1</u>	<u>Water District No. 2</u>	<u>Sewerage District No. 1</u>	<u>Sewerage District No. 2</u>	<u>Total Nonmajor Enterprise Funds</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>					
Payments to suppliers	\$ -	\$ -	\$ -	\$ -	\$ -
Net cash used by operating activities	-	-	-	-	-
<b><u>CASH FLOWS FROM CAPITAL AND 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 ACTIVITIES:</u></b>					
Interest on cash management activities	762	958	80	734	2,534
Net cash provided by investing activities	762	958	80	734	2,534
Net increase in cash and cash equivalents	762	958	80	734	2,534
Cash and cash equivalents - beginning	96,215	132,570	11,084	110,762	350,631
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 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, 2010**

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, 2010**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>ASSETS:</u></b>			
Cash and cash equivalents	\$ 1,618,118	\$ 214,497	\$ 1,832,615
Investments	852,317	-	852,317
Receivables, net of allowance	1,405	-	1,405
Due from other funds	286,909	706,071	992,980
Prepays	323,486	-	323,486
<b>Total assets</b>	<b><u>3,082,235</u></b>	<b><u>920,568</u></b>	<b><u>4,002,803</u></b>
<b><u>LIABILITIES:</u></b>			
Accounts payable	285,519	50	285,569
Self insurance claims payable	2,065,499	90,665	2,156,164
Due to other funds	-	202,156	202,156
<b>Total liabilities</b>	<b><u>2,351,018</u></b>	<b><u>292,871</u></b>	<b><u>2,643,889</u></b>
<b><u>NET ASSETS:</u></b>			
Restricted	<u>731,217</u>	<u>627,697</u>	<u>1,358,914</u>
<b>Total net assets</b>	<b><u>\$ 731,217</u></b>	<b><u>\$ 627,697</u></b>	<b><u>\$ 1,358,914</u></b>

(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, 2010**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for services	\$ 1,415,664	\$ 367,693	\$ 1,783,357
Other operating revenues	-	-	-
Total operating revenues	<u>1,415,664</u>	<u>367,693</u>	<u>1,783,357</u>
<b><u>OPERATING EXPENSES:</u></b>			
Personal services and related benefits	157,070	-	157,070
Professional services	19,372	-	19,372
Insurance premiums	1,157,629	240,201	1,397,830
Insurance and claims expense	-	-	-
Other	17,974	-	17,974
Total operating expenses	<u>1,352,045</u>	<u>240,201</u>	<u>1,592,246</u>
Operating income	<u>63,619</u>	<u>127,492</u>	<u>191,111</u>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest earnings and service charges	<u>10,437</u>	<u>553</u>	<u>10,990</u>
Total nonoperating revenues (expenses)	<u>10,437</u>	<u>553</u>	<u>10,990</u>
Income before transfers	74,056	128,045	202,101
Transfers in	355,046	-	355,046
Transfers out	-	-	-
Change in net assets	429,102	128,045	557,147
Total net assets - beginning	<u>302,115</u>	<u>499,652</u>	<u>801,767</u>
Total net assets - ending	<u>\$ 731,217</u>	<u>\$ 627,697</u>	<u>\$ 1,358,914</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Self Insurance</u>	<u>Water and Sewer Self Insurance</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from customers	\$ 1,415,664	\$ 367,693	\$ 1,783,357
Payments to suppliers	(1,119,986)	(271,613)	(1,391,599)
Payments to employees	(157,070)	-	(157,070)
Payments from and payments for interfund services	-	(147,844)	(147,844)
	<u>138,608</u>	<u>(51,764)</u>	<u>86,844</u>
Net cash provided (used) by operating activities			
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Net transfers in	<u>355,046</u>	<u>-</u>	<u>355,046</u>
Net cash provided by capital and related financing activities	<u>355,046</u>	<u>-</u>	<u>355,046</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Purchase of investments	(10,179)	-	(10,179)
Interest on cash management activities	<u>10,437</u>	<u>553</u>	<u>10,990</u>
Net cash provided by investing activities	<u>258</u>	<u>553</u>	<u>811</u>
Net increase (decrease) in cash and cash equivalents	493,912	(51,211)	442,701
Cash and cash equivalents - beginning	<u>1,124,206</u>	<u>265,708</u>	<u>1,389,914</u>
Cash and cash equivalents - ending	<u>\$ 1,618,118</u>	<u>\$ 214,497</u>	<u>\$ 1,832,615</u>
<b>Classified as:</b>			
Cash and cash equivalents	<u>\$ 1,618,118</u>	<u>\$ 214,497</u>	<u>\$ 1,832,615</u>
<b><u>Reconciliation of operating income to net cash used by operating activities:</u></b>			
Operating income	\$ 63,619	\$ 127,492	\$ 191,111
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in receivables	-	-	-
Decrease in due from (to) other funds	(12,119)	(147,844)	(159,963)
(Increase) decrease in prepaid expenses	(7,086)	-	(7,086)
Decrease in accounts payable and accruals	289,516	50	289,566
Increase (decrease) in self insurance claims payable	(195,322)	(31,462)	(226,784)
Total adjustments	<u>74,989</u>	<u>(179,256)</u>	<u>(104,267)</u>
Net cash provided (used) by operating activities	<u>\$ 138,608</u>	<u>\$ (51,764)</u>	<u>\$ 86,844</u>

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF COUNCIL MEMBERS COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2010**

Wayne J. Landry, Jr., Chairman	\$	8,400
Frank Auderer, Jr., Councilman at Large (West)		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>
<b>Total</b>	<b>\$</b>	<b><u>51,600</u></b>

The schedule of compensation paid to Parish council members was prepared in compliance with Home Rule Charter, Section 2-05 Compensation. According to the Charter, the compensation of the first council members elected under this charter shall be \$7,200 per annum. The chairman of the council will receive \$1,200 per annum in addition to the regular annual compensation. The salary of the President of the Parish government shall be \$70,000 per annum.

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF COMPUTATION OF THE RATIO OF**  
**NET REVENUES (EXCLUDING WATER AND SEWER DISTRICTS)**  
**TO AVERAGE ANNUAL DEBT SERVICE REQUIREMENT OF WATER & SEWER REVENUE BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Division operating revenues	\$ 4,975,217
Add nonoperating revenue - interest earned on current assets	823,335
	<u>-</u>
Total earned on current assets	<u>5,798,552</u>
Division operating expenses	10,998,538
Less depreciation and amortization	<u>(3,154,587)</u>
Total adjusted expenses	<u>7,843,951</u>
Net transfers in for operations	<u>1,117,750</u>
Net revenues (expenses)	<u>\$ (927,649)</u>
Average annual debt service requirement	<u>\$ 136,358</u>
Ratio of net revenues to average annual debt service requirement	<u>(6.8)</u>

Note: The Parish has set aside a reserve cash account sufficient to retire the related debt during 2011.

**ST. BERNARD PARISH GOVERNMENT  
WIRELESS EMERGENCY 911 SERVICES (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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, 2010, the Parish received gross tax revenues of \$322,638 for Emergency 911.

(See Auditors' Report)

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF METERED CUSTOMERS (UNAUDITED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

At December 31, 2010, the St. Bernard Parish Government Department of Public Works Water and Sewer Division had 15,006 metered customers.

(See Auditors' Report)

**SINGLE AUDIT SECTION**

**ST. BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Homeland Security</b>			
FEMA Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2009-FH-01009	\$ 194,112
Community Disaster Loans - FEMA	97.030	1768LA05	5,145,890
Community Disaster Loans - FEMA	97.030	1603LA05	10,136,169
Community Disaster Loans - FEMA	97.030	1603LA05A	<u>9,684,485</u>
Total CFDA 97.030			24,966,544
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness:</i>			
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR1603/1786/1792	114,550,432
Urban Areas Security Initiative	97.008	2006-GE-T6-0069/2007-GE-T7-0019/2008-GE-T8-0013	278,746
Emergency Food and Shelter National Board Program	97.024	LB No. 367800	7,106
Emergency Management Performance Grants	97.042	2008-EM-E8-0047/2009-EP-E9-0004/2010-EP-EO-0058	65,173
State Homeland Security Program	97.073	2007-GE-T7-0019/2008-SS-T8-0013	25,509
Hazard Mitigation Grant	97.039	1603	653,622
Hazard Mitigation Grant	97.039	1607	60,626
Hazard Mitigation Grant	97.039	1603C	983,223
Hazard Mitigation Grant	97.039	1603N	2,524,346
Hazard Mitigation Grant - Planning Pilot Program	97.039	1603-087-0002	177,750
Hazard Mitigation Grant - Community Education and Outreach	97.039	1603-087-0006	8,950
Hazard Mitigation Grant - Wind Retrofit	97.039	1603C-087-0004	40,204
Hazard Mitigation Grant - Statewide Generator Program	97.039	1603-DR-LA-0079	178,402
Hazard Mitigation Grant - Louisiana State Uniform Construction Code	97.039	1603-022-0001	<u>146,540</u>
Total CFDA 97.039			4,773,663
Citizen Corps Grant	97.053	2007-GE-T7-0019/2008-SS-T8-0013	20,364
Interoperable Emergency Communications Grant	97.055	2009-IP-T9-0003/2010-V0811-LA-P	<u>14,028</u>
Total U.S. Department of Homeland Security Grants			<u>144,895,677</u>
<b>U.S. Department of Labor</b>			
<i>Pass - Through Louisiana Department of Labor:</i>			
WIA Reemployment Services	17.207		146,899
<i>WIA Cluster:</i>			
WIA Adult Program	17.258	676895	567,047
WIA Youth Activities	17.259	676895	546,487
WIA Dislocated Workers	17.260	676895/678553/671523	1,370,270
ARRA - WIA Adult Program	17.258	676895	182,150
ARRA - WIA Youth Activities	17.259	676895	166,350
ARRA - WIA Dislocated Workers	17.260	676895	<u>213,121</u>
Total WIA Cluster			3,045,425
Total U.S. Department of Labor			<u>3,192,324</u>
<b>U.S. Department of Transportation</b>			
Federal Transit Formula Grants	20.507		<u>746,106</u>
Total U.S. Department of Transportation			<u>746,106</u>
<b>U.S. Department of Housing and Urban Development</b>			
Section 8 Housing Choice Vouchers	14.871		4,842,526
<i>Pass - Through Louisiana Office of Community Development:</i>			
Community Development Block Grants/Entitlement Grants	14.218	668266	8,139,278
<i>Pass - Through Louisiana Department of Social Services:</i>			
ARRA - Homeless Prevention and Rapid Re-Housing	14.257	685498	400,337
Emergency Shelter Grants Program	14.231	665963	<u>29,942</u>
Total U.S. Department of Housing and Urban Development			<u>13,412,083</u>

(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, 2010**

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Emergency Watershed Protection Program	10.923		2,487,712
<i>Pass - Through Louisiana Department of Labor</i>			
State Matching Grant for Supplemental Nutrition Assistance Program	10.561	655898	<u>10,500</u>
Total U.S. Department of Agriculture			<u>2,498,212</u>
<b>U.S. Department of Health and Human Services</b>			
<i>Pass Through Louisiana Housing Finance Agency:</i>			
Low-Income Home Energy Assistance	93.568	L-St Bernard Parish Government	685,354
Community Service Block Grant Cluster:			
Community Services Block Grant	93.569	2009P0081	167,510
Community Services Block Grant	93.569	2010P0081	47,150
ARRA - Community Services Block Grant	93.710	P2109	<u>256,819</u>
Total Community Service Block Grant Cluster			<u>471,479</u>
Total U.S. Department of Health and Human Services			<u>1,156,833</u>
<b>U.S. Department of Commerce</b>			
Investments for Public Works and Economic Development Facilities	11.300		323,346
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness:</i>			
Public Safety Interoperable Communications Grant Program	11.555	2007-GS-H7-0014	<u>32,494</u>
Total U.S. Department of Commerce			<u>355,840</u>
<b>U.S. Department of the Interior</b>			
Coastal Impact Assistance Program	15.426		<u>154,672</u>
Total U.S. Department of the Interior			<u>154,672</u>
Total Expenditures of Federal Awards			<u>\$ 166,411,747</u>

**ST. BERNARD PARISH GOVERNMENT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**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)
- Homeless Prevention and Rapid Re-Housing Program (CFDA No. 14.257)
- Investments for Public Works and Economic Development Facilities (CFDA No. 11.300)
- Community Disaster Loans - FEMA (CFDA No. 97.030)

**NOTE 2 – FISCAL PERIOD AUDIT**

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2010.

**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**

The FEMA Community Disaster Loans (CFDA 97.030) have been included at their outstanding principal balances plus accrued interest payable of \$2,008,021 at December 31, 2010. Principle and accrued interest of \$19,820,654 for two Community Disaster Loans were forgiven during December 2010.

**PAYMENTS TO SUBRECIPIENTS**

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

<u>CDDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grant	\$ 3,989,314
14.257	ARRA-Homeless Prevention and Rapid Re-Housing	<u>25,929</u>
		<u>\$ 4,015,243</u>

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

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

## 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, 2010, which collectively comprise St. Bernard Parish Government's basic financial statements and have issued our report thereon dated June 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Bernard Parish 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.

*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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items 2010-01, 2010-02, 2010-03 and 2010-04 that we consider to be significant deficiencies in internal control over financial reporting. 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.

### 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 2010-01, 2010-02, 2010-03 and 2010-04.

**ERICKSEN KRENTEL & LAPORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

To the St. Bernard Parish Council  
June 21, 2011

We noted certain other matters that we reported to management of St. Bernard Parish Government in a separate letter dated June 21, 2011.

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 it.

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 21, 2011

*Erickson, Krentel & Laporte, LLP*

Certified Public Accountants

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

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

## INDEPENDENT AUDITOR'S REPORT 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, 2010. 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.

In our opinion, 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, 2010. However, the results of our auditing procedures disclosed 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 2010-02, 2010-03 and 2010-04.

### 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

**ERICKSEN KRENTEL & LA PORTE L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS**

To the St. Bernard Parish Council  
June 21, 2011

*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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as described in the accompanying schedule of findings and questioned costs as items 2010-02, 2010-03 and 2010-04, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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.

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 21, 2011

*Erickson, Krentel & LaPorte, LLP*

Certified Public Accountants

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

We have audited the financial statements of St. Bernard Parish as of and for the year ended December 31, 2010, and have issued our report thereon dated June 21, 2011. 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, 2010 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  Yes  No

Significant Deficiencies  Yes  No

**Compliance**

Non-compliance Material to Financial Statements  Yes  No

Management Letter  Yes  No

**b. Federal Awards**

**Internal Control**

Material Weaknesses  Yes  No

Significant Deficiencies  Yes  No

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

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?  
 Yes  No

**c. Identification of Major Programs:**

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

See Schedule of Federal Awards

Dollar threshold used to distinguish Type A and Type B Programs      \$300,000

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133?  
 Yes  No

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT**

**Significant Deficiencies:**

**2010-01 Local Government Budget Act – Expenditures in Excess of Budgeted Amounts**

**Condition** – The Parish did not amend its adopted budget for the Public Works special revenue fund when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

**Criteria** – The Parish adopted its 2010 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** – Accrual entries made to record accounts payable in the Public Works special revenue fund were done after the amended budget was adopted because of a certain vendor invoice received several months after year end. The effect of these entries was to increase actual expenditures above the budgeted expenditures.

**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.

See additional findings 2010-02, 2010-03 and 2010-04 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**

**Significant Deficiencies:**

**Questioned  
Costs**

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

**Condition** – 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.

**Criteria** – HUD requires annual move-in inspection forms, citizenship declaration forms signed by all household members, family consent forms, and HAP contracts be retained in relevant files.

**Effect** – Pertinent documents were not readily available within the HUD files maintained by the Parish. As a result of the missing family consent to release information forms (HUD-9886), per HUD guidelines, the Parish overpaid HAP payments to landlords.

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Cause** – Required documents are to be maintained by the Housing Assistance Department of the Parish. Certain employees may have lacked the knowledge of what documents are critical to retain.

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

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

\$ 13,020

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

**Condition** – The Parish failed to maintain appropriate segregation of duties consistent with the internal control objective over its HCV Program.

**Criteria** – Safeguarding of assets requires adequate segregation of duties in an effective internal control structure. No one person should have access to both physical assets and the related accounting records or to all phases of a transaction.

**Effect** – An employee theft occurred during the year totaling \$47,000.

**Cause** – The size of the Parish's HCV staff limited its ability to achieve the optimum level of segregation of duties.

**Recommendation** – Parish management must ensure the proper safeguarding of assets by redesigning its internal control over the HCV Program.

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

47,000

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

**Condition** – 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.

**Criteria** – Section 504 of the Rehabilitation Act of 1973 (Section 504) requires accommodations be made and advertised for these groups. The Parish must select families from a wait list in accordance with HUD requirements and the Parish's policies as stated in the administrative plan and the annual plan.

**Effect** – The Parish's HCV application process was inaccessible to otherwise qualified applicants with disabilities and limited English proficiency. All families did not have a equal opportunity to receive housing assistance.

**Cause** – The Parish failed to properly educate its employees on certain HUD rules and regulations.

**ST BERNARD PARISH GOVERNMENT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

**Recommendation** – Parish management should develop and execute a plan to ensure its compliance with Section 504 and waiting list requirements.

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

Total U.S. Department of Housing and Urban Development

\$ 60,020

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**FINANCIAL STATEMENT FINDINGS**

**2009-01 Fixed Assets Not Properly Maintained in an Adequate Fixed Asset Management System**

The Parish does not maintain its fixed asset records in a comprehensive real time fixed asset management system. Instead, all asset additions are entered into a series of Excel spreadsheets used to track fixed assets and calculate depreciation. The spreadsheets have no controls in place to prevent calculation errors from occurring. There is no one in the Finance Department with the responsibility to ensure that fixed asset records are up to date throughout the year. Much of the support for significant construction-related additions is maintained by the Recovery Department working along with an outside consulting firm. This group provides summarized construction in progress and completed project information to the Parish, which is used to update the Excel fixed asset spreadsheets. No one from the Parish Finance Department is responsible for verifying the accuracy of the information provided by the Recovery Department.

This issue has been resolved.

**2009-02 Significant Liabilities Recorded in Wrong Period**

Audit testing identified \$5,705,588 of accounts payable that should have been recorded on the fund financial statements at December 31, 2009, but were incorrectly recorded subsequent to year-end. 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 along 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.

This issue has been resolved.

**2009-03 Local Government Budget Act**

The Parish did not adopt a comprehensive budget for the Disaster Recovery Special Revenue Fund. Additionally, the Parish did not in all instances amend its adopted budgets for general fund and special revenue funds when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

This issue has been resolved. However, budget variances arising in 2010 are noted in finding 2010-01.

**2009-04 Transfers of Cash to the Bond Sinking Funds Were Not Made Timely**

The Parish failed to transfer the required funds into the Sales Tax and General Obligation funds by the 15<sup>th</sup> of each month as required by the indenture agreements, instead making the required transfers at the end of the month.

This issue has been resolved.

**ST. BERNARD PARISH GOVERNMENT  
SCHEDULE OF PRIOR YEAR FINDINGS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SINGLE AUDIT FINDINGS**

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

**2009-05 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 move-in inspection forms, rent reasonableness calculations, and initial Housing Voucher applications.

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 2010-02.

**2009-06 Federally Established Payment Standard Not Applied**

The Parish did not use the federally established Payment Standard when calculating the HUD participants Total Tenant Payments (TTP).

This issue has been resolved.

**2009-07 Proper Monthly Reporting of HUD Voucher Expense Data**

The Parish incorrectly reported monthly HUD voucher operating and administrative expenses.

This issue has been resolved.

**97.036: Disaster Grants – Public Assistance – FEMA**

**2009-08 Federal Award Expenditures Reimbursed by both FEMA and Economic Development Administration (EDA)**

The Parish improperly requested and received reimbursement from FEMA as well as the EDA for the same allowable costs.

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

**Craig P. Taffaro, Jr.**  
Parish President

## MANAGEMENT'S CORRECTIVE ACTION PLAN

Department of Housing and Urban Development

St. Bernard Parish Government respectfully submits the following corrective action plan for the year ended December 31, 2010.

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, 2010 – December 31, 2010

The findings from the December 31, 2010 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

Significant Deficiencies:

#### Finding 2010-01 Local Government Budget Act – Expenditures in Excess of Budgeted Amounts

The Parish adopted all operating budgets in accordance with the regulations set forth in the Local Government Budget Act. The budget variance stated in the audit was in direct reference to one isolated incident in the Public Works Fund relating to the Natural Resources Conservation Service (NRCS) canal cleaning project. Lack of communication between local, state and federal agencies contributed to the Parish incorrectly forecasting the project budget in 2010. The project was fully funded by Federal funds and managed correctly by the Parish. Without the isolated issue regarding the canal cleaning project, the Public Works Fund would have been in budget in regards to expenses for the period ending 12/31/2010. The Parish will communicate with local, state, and federal agencies to ensure that all projects are properly estimated and budgeted for, and will adjust the budget accordingly when the estimates change.

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

The Parish has already implemented a quality control program manager position whose responsibilities will include, but not limited to, auditing tenant files to ensure all required documents are in the files, and/or ensure that they are readily accessible in electronic format. The Housing Department has been reorganized in accordance with HUD HCV regulations. The staff attends periodic program training on and offsite, as well as registering with HUD to receive all PIH notices to remain in compliance with the changing laws. Some of the changes already being implemented are creating new files that include checklists for each tenant folder, generating HUD required forms from the Housing Pro Software with respect to new forms, and arranging these forms in packets to ensure HUD compliance.

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

The Parish has already begun implementing internal control procedures and segregation of duties. In fact, it was these procedures that brought to light the employee theft mentioned. The Housing Department has been reorganized in accordance with HUD HCV regulations. The positions are clearly defined. Roles are limited in the Housing Pro Software according to positions. The Parish will continue to redesign its internal controls over the HCV program, as recommended by the auditors, to ensure the safeguarding of assets.

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

In December 2008, St. Bernard Housing Department was required by HUD to open the waiting list. A lottery was held and several waiting lists were created. The waiting lists were not created or maintained according to HUD regulations. In 2009 and 2010, the Housing Department was instructed by HUD/Fair Housing to wait for further instruction and not to use the waiting list. The Housing Department complied with these instructions. HUD finally sent a VCA in January 2011, and the Housing Department is currently working to complete all parts of the agreement with HUD.

**Contact:** John Frank, Assistant Finance Director (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\*  
RICHARD G. MUELLER  
RONALD H. DAWSON, JR.\*  
KEVIN M. NEYREY  
CLAUDE M. SILVERMAN\*  
W. ERIC POWERS  
DENNIS J. TIZZARD\*  
JAMES E. TONGLET\*

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

## 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, 2010, 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 21, 2011, contains our report on significant deficiencies or material weaknesses in the Parish's internal control. This letter does not affect our report dated June 21, 2011, 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 21, 2011

*Ericksen, Krentel & LaPorte, LLP*

Certified Public Accountants

To the St. Bernard Parish Council  
June 21, 2011  
Page 2

**Management Letter Points**

**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.

**Credit Card Use and Reporting Policy**

The Finance Department does not consistently follow its written credit card use and reporting policy, requiring the department to secure receipts, reconcile statements, code items to the general ledger and pay the bills on a timely basis. The Finance Department does not have an employee singularly assigned to the review, reconciliation and coding of credit card transactions.

The Parish should require all authorized credit card users to adhere to the written credit card use and reporting policy and submit the support for all charges to the Finance Department within a specified period. The Assistant Finance Director should be assigned the responsibility for reviewing all charges and reconciling the supporting information to the monthly statements in order to accurately code the charges to the general ledger. The statements should be reviewed and approved for payment on a timely basis which would allow errors such as misclassification, overcharges or duplicate charges to be identified and corrected quickly.

**Use a Subsidiary Ledger to Document Receivable Reconciliations**

No formal, written reconciliation of the receivable posting report to the general ledger is maintained. A receivable subsidiary ledger should be used to formally reconcile and support the ad valorem, 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.



# *St. Bernard Parish Government*

---

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

Chalmette, Louisiana 70043  
Fax (504) 278-4264

---

**Craig P. Taffaro, Jr.**  
Parish President

## **Management's Corrective Action Plan Relative to the Management Letter Points**

### **Timely Record Accounts Payable on Construction in Progress**

Although the Parish adhered to all accounting standards required for the proper recording of construction in progress (CIP) for the year ended December 31, 2010, the Finance Department will review the suggestions in the management letter. Procedures and policies will be adjusted, if needed, to improve the overall accuracy of CIP in the financial statements.

### **Credit Card Use and Reporting Policy**

The card use policy has adequate internal controls and meets accounting guidelines as reviewed by the external auditors. The Finance Department will adhere to their suggestions and assign specific personnel the task of improved reconciliation and payment as suggested in the management letter.

### **Use a Subsidiary Ledger to Document Receivable Reconciliations**

As noted in the audit, the Parish experienced no findings in the areas of receivables and subsequent recording. However, management will review the suggestion of implementing a receivable sub-ledger as recommended by the auditors and will adjust procedures, if needed, to improve the overall accuracy of the receivable balance.