
ST. BERNARD PARISH GOVERNMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2013

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 10 2014

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ST. BERNARD PARISH GOVERNMENT

Financial Statements

December 31, 2013

ST. BERNARD PARISH GOVERNMENT

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Independent Auditors' Report

The Members of the St. Bernard Parish Council
Chalmette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the St. Bernard Parish Government (the Parish) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Parish's basic financial statements of the Parish's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion

The financial statements referred to above include only the primary government of the Parish, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Parish's legal entity. The financial statements do not include financial data for the Parish's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for the Parish's legally separate component units to be reported with the financial data of the Parish's primary government. The amount which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the reporting entity of the Parish as of December 31, 2013, or the changes in financial position or cash flows thereof for the year then ended. In accordance with accounting principles generally accepted in the United States of America, the Parish has issued separate reporting entity financial statements for which we have issued our report dated July 10, 2014.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Parish as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 15 and 60 through 62 and schedule of funding progress on page 63 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parish's basic financial statements. The combining non-major governmental and enterprise fund and internal service fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental and enterprise fund and internal service fund statements are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental and enterprise fund and internal service fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2014, 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* in considering the Parish's internal control over financial reporting and compliance.

Postlethwaite + Netterville

New Orleans, Louisiana
July 10, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the St. Bernard Parish Government (the Parish), financial performance provides an overview of the Parish's financial activities for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the Parish's basic financial statements and the notes to the basic financial statements.

Financial Highlights

- The Parish's net position balance on the government-wide basis was \$595,417,205 at December 31, 2013.
- The government-wide statement of activities reported an increase in net position of \$54,122,372.
- 2013 general fund tax revenues increased by \$1,694,306 compared to 2012.
- The general fund reported a deficiency of revenues and other financing sources over expenses and other financing uses of \$440,951 for a total ending fund balance at December 31, 2013 of \$2,612,641. The general fund's unassigned fund balance at December 31, 2013 is \$2,436,466.
- Total governmental funds reported an excess of expenses and other financing uses over revenues and other financing sources of \$24,211,340.
- Total cash and cash equivalent of governmental funds amounted to \$31,479,766 at December 31, 2013, an increase of \$6,821,406 compared to December 31, 2012.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Parish's primary government financial statements. The Parish's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and additional supplementary information to provide greater detail of data presented in the basic financial statements.

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

The statement of activities presents information showing how the Parish's net position changed during the year ended December 31, 2013. All changes in net position 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

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expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. earned but unused leave for vacations).

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 Parish include general government, public safety, public works, health and human services, culture and recreation, urban development and housing and economic development. The business-type activity of the Parish includes the water and sewerage operations of the Water & Sewer Division and Water Districts (the Division).

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 government activities in the government-wide financial statement. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources. Such information may be useful in evaluating government's financing requirements.

Because the focus of governmental funds is more narrow 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 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 70 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 its three major funds: the General Fund, CDBG Disaster Fund, and Disaster Recovery Fund. Data from the other governmental funds are combined under the heading "Non-major Governmental Funds."

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

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

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Management's Discussion and Analysis

December 31, 2013

combined into a single, aggregated presentation in the proprietary fund financial statements. The two internal services funds are also combined into a single, aggregated presentation. Individual fund data for the District funds and the internal service funds is provided in the form of combining statements elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the Basic 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.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted and to provide information concerning the Parish's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with non-major 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 68-81 of this report.

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Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The Parish's assets exceeded liabilities by \$595,417,205 at December 31, 2013.

Table 1
Net Position
December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 71,598,175	\$ 66,615,530	\$ 22,538,614	\$ 19,017,398	\$ 94,136,789	\$ 85,632,928
Capital assets	386,140,491	380,089,536	204,966,155	192,896,423	591,106,646	572,985,959
Total assets	457,738,666	446,705,066	227,504,769	211,913,821	685,243,435	658,618,887
Long-term liabilities	39,249,239	44,348,242	7,572,335	10,350,459	46,821,574	54,698,701
Other liabilities	40,089,532	58,738,013	2,915,124	3,887,340	43,004,656	62,625,353
Total liabilities	79,338,771	103,086,255	10,487,459	14,237,799	89,826,230	117,324,054
Net position:						
Invested of capital assets, net of related debt	350,256,061	344,112,498	204,966,155	192,896,423	555,222,216	537,008,921
Restricted	9,470,377	7,329,208	857,133	748,861	10,327,510	8,078,069
Unrestricted (deficit)	18,673,457	(7,822,895)	11,194,022	4,030,738	29,867,479	(3,792,157)
Total net position	\$ 378,399,895	\$ 343,618,811	\$ 217,017,310	\$ 197,676,022	\$ 595,417,205	\$ 541,294,833

The Parish's statement of net position reflects its investment in capital assets, land, construction-in-progress, infrastructure, buildings, and equipment, less any related debt outstanding used to acquire those assets in the amount of \$555.2 million at December 31, 2013. 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 assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Debt service funds have accumulated \$1,232,224 at December 31, 2013 to provide for the servicing of annual interest and principal payments on bonds and are classified in restricted net position. The unrestricted net position increased by \$33,659,636, which is primarily due to the change in net position described below.

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Management's Discussion and Analysis

December 31, 2013

Governmental Activities

Table 2
Changes in Net Position
December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 4,799,254	\$ 3,886,902	\$ 5,748,284	\$ 5,818,753	\$ 10,547,538	\$ 9,705,655
Operating grants and contributions	23,905,810	17,562,703	12,550	2,966,919	23,918,360	20,529,622
Capital grants and contributions	55,330,827	84,179,047	5,690,363	40,502,738	61,021,190	124,681,785
General revenues:						
Ad valorem taxes	12,941,340	7,658,899	-	-	12,941,340	7,658,899
Sales taxes	15,844,744	13,446,184	3,961,184	3,338,375	19,805,928	16,784,559
Other taxes	1,462,117	1,430,751	-	-	1,462,117	1,430,751
Unrestricted grants and investment earnings	195,208	108,213	37,106	36,852	232,314	145,065
Loss on disposal of assets	(149,742)	(6,539,142)	-	-	(149,742)	(6,539,142)
Forgiveness of debt	5,403,510	-	-	-	5,403,510	-
Other general revenues	1,168,627	647,605	330,835	(2,358,661)	1,499,462	(1,711,056)
Total revenues	120,901,695	122,381,162	15,780,322	50,304,976	136,682,017	172,686,138
Program expenses:						
General government	30,485,143	52,204,303	-	-	30,485,143	52,204,303
Public safety	10,548,513	9,231,076	-	-	10,548,513	9,231,076
Public works	19,434,223	20,700,870	-	-	19,434,223	20,700,870
Culture and recreation	2,889,701	2,475,372	-	-	2,889,701	2,475,372
Health and welfare	6,692,893	6,322,104	-	-	6,692,893	6,322,104
Interest on long-term debt	1,860,282	580,332	494,988	756,740	2,355,270	1,337,072
Water and sewer	-	-	10,153,902	10,195,851	10,153,902	10,195,851
Total expenses	71,910,755	91,514,057	10,648,890	10,952,591	82,559,645	102,466,648
Net (expense) revenue before transfers	48,990,940	30,867,105	5,131,432	39,352,385	54,122,372	70,219,490
Transfers In (Out)	(14,209,856)	(33,450,269)	14,209,856	33,450,269	-	-
Change in Net Position	34,781,084	(2,583,164)	19,341,288	72,802,654	54,122,372	70,219,490
Net Position - beginning	343,618,811	346,201,975	197,676,022	124,873,368	541,294,833	471,075,343
Net Position - ending	\$ 378,399,895	\$ 343,618,811	\$ 217,017,310	\$ 197,676,022	\$ 595,417,205	\$ 541,294,833

Total revenue decreased by \$36,004,121 or 20.9% from \$172,686,138 in 2012 to \$136,682,017 in 2013. This decrease is primarily attributable to the decrease in capital grants and contributions of \$63,660,595 in 2013. This decrease was partially offset by the increase in operating grants and contributions of \$3,388,738 in 2013, an increase in ad valorem taxes of \$5,282,441, and forgiveness of debt of \$5,403,510.

Total expenses were \$82,559,645 in 2013, a decrease of \$19,907,003, or 19.4%, compared to \$102,466,648 in 2012. General government expense decreased \$21,719,160 or 41.6% from \$52,204,303 in 2012 to \$30,485,143 in 2013 primarily due to decreases in Community Development Block Grant expenditures. Public safety expense increased \$1,317,437 or 14.3% from \$9,231,076 in 2012 to \$10,548,513 in 2013 due primarily to increased fire related expenditures. Public works expense decreased \$1,266,647 or 6.1% from \$20,700,870 in 2012 to \$19,434,223 in 2013.

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

Financial Analysis of the Government's Funds

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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited spending to use for a particular purpose by either an external party, the Parish itself, or group or individual that has been delegated authority to assign resources for use for particular purposes by the Parish's Council.

At December 31, 2013, the Parish's governmental funds reported a combined fund balances of \$15,510,530, an increase of \$24,211,340 in comparison with the prior year. Included in this amount is a deficit of \$3,059,235 which constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$198,734), 2) restricted for particular purposes (\$9,470,377), 3) committed for particular purposes (\$1,803,029), or 4) assigned for particular purposes (\$7,097,625).

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 position of the Water and Sewer Division and the Districts at the end of the year amounted to \$11,194,022.

General Fund

The general fund is the chief operating fund of the Parish. During the year ended December 31, 2013, the general fund's fund balance decreased by \$440,951 from \$3,053,592 to \$2,612,641. Key factors relative to this change are as follows:

- Total revenues increased by \$2,691,325 from 2012 to 2013. Federal grant revenue increased by \$1,008,331 as compared to the prior year. Sales tax revenues increased by \$1,798,920 during the year ended December 31, 2013.
- Expenditures decreased in 2013 to \$14,942,335 compared to \$15,076,968 in 2012, a decrease of \$134,633, which represents a 0.9% decrease in expenditures.
- Other financing sources (uses), net, totaled \$5,391,991 in 2013 representing a decrease of \$1,942,343 or 26.5% in comparison to 2012.
- Charges for services decreased by \$240,381 or 16.4% compared to 2012 due primarily to one time revenue of \$172,000 during the year ended December 31, 2012.

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

- Taxes increased by \$1,694,306 or 13.9% as compared to 2012 primarily due to an increase in sales tax collections of 17.8%. Property tax revenue decreased \$126,446 during the year ended December 31, 2013 due to one-time collection of past-due property tax amounts in 2012.
- Other state funds decreased \$200,705 or 87.5% due to one-time funding in 2012.
- Miscellaneous and other revenues increased from \$256,586 in 2012 to \$624,396 in 2013, an increase of \$367,810 or 144.0% due to the receipt of a one time insurance settlement during the year ended December 31, 2013.

The accompanying table shows the amount (in thousands) of general fund revenues by source for 2013 and 2012.

Revenues and Other Financing Sources	2013 Actual	% of Total	Increase (Decrease) Over 2012	2012 Actual	% of Total
Taxes	\$ 13,891,110	69.83%	\$ 1,694,306	\$ 12,196,804	70.90%
Licenses and permits	1,206,237	6.06	57,591	1,148,646	6.68
Intergovernmental	2,944,663	14.80	811,999	2,132,664	12.40
Charges for services	1,226,969	6.17	(240,381)	1,467,350	8.53
Miscellaneous and other	624,396	3.14	367,810	256,586	1.50
	<u>\$ 19,893,375</u>	<u>100.0%</u>	<u>\$ 2,691,325</u>	<u>\$ 17,202,050</u>	<u>100.0%</u>

The accompanying table shows the amount (in thousands) of general fund expenditures by source for 2013 and 2012.

Expenditures	2013 Actual	% of Total	Increase (Decrease) Over 2012	2012 Actual	% of Total
General government	\$ 14,114,750	69.41%	\$ 184,022	\$ 13,930,728	62.16%
Health and welfare	—	—	—	—	—
Capital outlay	827,585	4.07	(318,655)	1,146,240	5.11
Operating transfers out, net	5,391,991	26.52	(1,942,343)	7,334,334	32.74
	<u>\$ 20,334,326</u>	<u>100.0%</u>	<u>\$ (2,076,976)</u>	<u>\$ 22,411,302</u>	<u>100.0%</u>

CDBG Fund

This special revenue fund is used to account for funding from the Department of Housing and Urban Development (HUD), primarily CDBG funding for Hurricanes Katrina, Rita, and Gustav reconstruction. The CDBG grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the CDBG Disaster fund at December 31, 2013 of \$2,626,737 is partially attributable to \$2,486,566 of revenue that has been deferred and will be collected by the Parish in 2014 and cash advances received for which expenditures will be incurred in future years. Revenue amounted to \$9,918,489 in 2013 compared to \$21,982,752 in 2012, while expenditures totaled \$10,608,114 in 2013 compared to \$21,834,201 in 2012. Revenues and expenditures for Hurricanes Katrina, Rita and Gustav in the CDBG Disaster fund are decreasing as funding for the emergencies comes to an end and projects are closed out.

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Disaster Recovery Fund

The Disaster Recovery Fund primarily accounts for grants received as a result of Hurricanes Katrina, Rita and Gustav from the Federal government. FEMA, as authorized by the Stafford Act, assists individuals, as well as, state and local governments with response to and recovery from disasters. The FEMA grants are reimbursement basis grants where expenditures and related revenues have been accrued. The deficit in the Disaster Recovery fund at December 31, 2013 of \$2,774,215 is partially attributable to \$6,810,124 of revenue that has been deferred and will be collected by the Parish in 2014 and cash advances received for which expenditures will be incurred in future years. Revenue amounted to \$50,337,469 in 2013 compared to \$44,208,933 in 2012, while expenditures totaled \$13,370,632 in 2013 compared to \$52,348,479 in 2012. Revenues and expenditures for Hurricanes Katrina, Rita and Gustav in the FEMA fund are decreasing as funding for the emergencies comes to an end and projects are closed out.

Special Revenue Funds – Non-major

The Non-Major Special Revenue funds are used to account for the recording of special purpose revenues and grants. Total fund balance for the Non-Major Special Revenue funds was \$9,032,646 at December 31, 2013, which was a \$3,217,205 increase compared to the prior year fund balance of \$5,815,441. Revenues during the year ended December 31, 2013 increased by \$8,034,893 primarily due to increased property tax revenues of \$5,503,783 and increased federal grant funding in public works of \$1,224,178. Expenditures during the year ended December 31, 2013 increased by \$2,248,345 as a result of an increase in capital outlay expenses in recreation and hazard mitigation during 2013.

Debt Service Funds

The Debt Service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Total fund balance for the Debt Service Funds was \$1,232,224 at December 31, 2013, which was a \$107,640 increase compared to the prior year balance of \$1,124,584. Expenditures during the year ended December 31, 2013 increased by \$826,231 primarily as a result of interest and fiscal costs related to the 2012 Sales Tax Refunding Bonds. During the year ended December 31, 2012, the Parish issued the 2012 Sales Tax Refunding bonds for \$33,885,000 and used the proceeds to partially refund the 2003 Sales Tax Bonds and the 2004 Sales Tax Bonds.

Capital Project Funds

The Capital Projects funds are used to account for all resources and expenditures in connection with the acquisition of capital facilities and repair and maintenance projects other than those accounted for in the recovery funds relating to FEMA and CDBG. Total fund balance for the Capital Project Funds was \$8,033,971, at December 31, 2013, a decrease of \$416,578 from the prior year. Capital projects fund expenditures during 2013 totaled \$208,397; an increase of \$108,397 from the prior year. One-time transfers of \$755,460 from the capital projects funds to the general fund occurred during the year ended December 31, 2012, which attributed to the decrease in transfers out of \$718,866.

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December 31, 2013

Enterprise Funds

The Enterprise funds are used to account for operations of the water and sewer facilities of the Parish. Total net position for the Enterprise Funds was \$216,160,177 at December 31, 2013, an increase of \$19,233,016 from the prior year due to increased capital projects funding for rebuilding of the Parish's water and sewer facilities. Total operating revenues decreased \$86,202 or 1.51% to \$5,624,489 for the year ended December 31, 2013. Total operating expenses increased \$138,664 or 1.42% to \$9,889,026 for the year ended December 31, 2013. The increase in operating expenses is primarily due to additional depreciation expense of \$651,652 and a decrease of \$278,466 in contractual services, supplies, and materials.

Non-operating revenues and expenses decreased \$34,215,234 or 78.65% to \$9,287,697 for the year ended December 31, 2013. The decrease in non operating revenues is due to decreased federal funding of \$34,812,375 awarded in prior years related to reconstruction of Sewer and Water facilities. Sales tax revenues increased by \$622,809 or 18.7% to \$3,961,184 for the year ended December 31, 2013. Transfers in, net decreased from the prior year due to the transfer of \$32,699,453 from the proceeds of the 2012 Sales Tax refunding bond that occurred in 2012.

Internal Service Funds

The internal service funds are used to account for the risk management services provided throughout the Parish. Total net position for the Internal Service Funds was a deficit of \$751,190, at December 31, 2013, a decrease of \$239,323 from the prior year. Premium revenue increased by \$88,315 from \$1,180,567 to \$1,268,882 during the year ended December 31, 2013. Total operating expenses decreased by \$603,546 from \$2,112,004 to \$1,508,458 during the year ended December 31, 2013.

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

General Fund Budgetary Highlights

Variances between general fund amended budget and actual are delineated in the schedule below. Total revenues are \$5.2 million or 13.8% less than budgeted due to the accounting treatment of the Certificates of Indebtedness, as well as the transfer of lots from Louisiana Road Home Corporation d/b/a as Louisiana Land Trust. Actual expenditures were 2.3% less than budgeted.

	2013		Variance Positive (Negative)
	Budget	Actual	
Revenues			
Taxes	\$ 14,051,750	\$ 13,891,110	\$ (160,640)
Licenses and permits	1,202,850	1,206,237	3,387
Intergovernmental	8,170,432	2,944,663	(5,225,769)
Charges for services	1,177,800	1,226,969	49,169
Miscellaneous	521,600	624,396	102,796
Total Revenues	25,124,432	19,893,375	(5,231,057)
Expenditures	15,289,975	14,942,335	347,640
Other Financing Sources (Uses), net	(2,484,083)	(5,391,991)	(2,907,908)
Net Change in Fund Balance	<u>\$ 7,350,374</u>	<u>\$ (440,951)</u>	<u>\$ (7,791,325)</u>

Capital Assets

Capital assets at December 31, 2013 and 2012 are as follows (net of depreciation):

	2013	2012
Land	\$ 19,466,837	\$ 19,466,837
Construction in progress	74,332,473	75,642,064
Buildings, improvements, and equipment	189,214,066	193,663,061
Other	6,952,550	7,830,909
Infrastructure assets	301,140,720	276,383,088
	<u>\$ 591,106,646</u>	<u>\$ 572,985,959</u>

Hurricane Katrina and the related flooding caused physical damage to the Parish's capital assets. As a result, certain assets were destroyed and other assets, specifically buildings, require restoration efforts to restore their service utility. Some assets have been demolished and are being replaced. Buildings, improvements, equipment, other, and infrastructure assets have been reduced in value as a result of demolition, damage, or depreciation.

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

Debt Administration

Total outstanding debt at December 31, 2013 totaled \$50,481,000, which is secured by specific revenue sources (property or sales taxes). During 2013, the Parish issued \$9,356,000 of Limited Tax Certificates of Indebtedness, Series 2013.

	Outstanding Debt	
	2013	2012
2003 Sales Tax bonds	\$ -	\$ 280,000
2012 Sales Tax Refunding bonds	33,885,000	33,885,000
2004 Sales Tax bonds	2,935,000	5,255,000
2008 Sales Tax Refunding bonds	4,305,000	4,920,000
Total bonds	41,125,000	44,340,000
Revenue Anticipation Note	-	60,000
Certificates of Indebtedness	9,356,000	-
CDL Loan	-	5,000,000
Total outstanding debt	<u>\$ 50,481,000</u>	<u>\$ 49,400,000</u>

The following is a summary of debt transactions:

Balance at January 1, 2013	\$ 49,400,000
New issues	9,356,000
Payments	(3,275,000)
Forgiveness of debt	(5,000,000)
Balance at December 31, 2013	<u>\$ 50,481,000</u>

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.

Economic Factors and Next Year's Budget and Rates

The Parish's primary recurring funding source is Sales Tax. In 2013, actual Sales Tax collections were \$19,805,928 (1.2%) in excess of the originally budgeted amount. The Parish believes that there will be an increase in Sales Tax revenues in 2014 over 2013 and thereafter due to continually improving economic conditions and the post-storm related recovery. Anticipation is such that by the end of 2014, it is estimated that the Parish will be substantially complete in its storm related recovery efforts that will total in excess of \$1 billion. Significant Parish-wide infrastructure repairs, hazard mitigation measures, the aggressive marketing of lots made vacant by Hurricane Katrina, exceptionally-rated public school system, state of the art recreational facilities, low crime rate, and other factors will continue to make the Parish an attractive community that should bolster its population rate and therefore realize increases in collections of Sales Taxes and various other taxes. A new state of the art Hospital should continue to grow the area's medical care services and offer competitive job opportunities. The Parish continues to apply for federal and state grants in order to improve the quality of life for its residents. Examples of this include federal

ST. BERNARD PARISH GOVERNMENT

Management's Discussion and Analysis

December 31, 2013

and state grants that will fund a lighted walking path at the Val Reiss Complex, connecting recreational bicycle lanes, and Central Wetlands access.

Over the last year or two, the Parish has seen a significant increase in the numbers of movies being filmed.

The Parish hosts many fairs and festivals with the annual Knights of Columbus Crawfish Festival itself bringing in over 100,000 patrons. The eastern end of the Parish is a favorite saltwater fishing destination for the entire Greater New Orleans metropolitan area.

Based on the factors stated above and the continued growth in population, Parish management anticipates an increase in its taxable base and continuity and growth in the services offered to its residents.

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 may be addressed to the Department of Finance, St. Bernard Parish, 8201 W. Judge Perez Drive, Chalmette, Louisiana 70043.

BASIC FINANCIAL STATEMENTS

ST. BERNARD PARISH GOVERNMENT**Statement of Net Position****December 31, 2013**

	Governmental Activities	Business Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 33,550,215	\$ 4,748,123	\$ 38,298,338
Investments	864,327	-	864,327
Investments - land held for sale	5,326,500	-	5,326,500
Receivables (net of allowances for uncollectibles)			
Sales and use taxes	2,306,121	-	2,306,121
Ad valorem taxes	12,263,645	-	12,263,645
Cable franchise fees	99,097	-	99,097
Customer	-	150,423	150,423
Intergovernmental	18,006,253	-	18,006,253
Other	1,690,983	4	1,690,987
Unbilled charges	-	345,364	345,364
Internal balances	(2,721,617)	2,721,617	-
Prepays	202,937	78,429	281,366
Inventory	-	367,950	367,950
Restricted assets - cash and cash equivalents	-	12,806,176	12,806,176
Restricted assets - receivables	-	576,528	576,528
Other assets	9,714	744,000	753,714
Capital assets, net of depreciation	386,140,491	204,966,155	591,106,646
Total assets	\$ 457,738,666	\$ 227,504,769	\$ 685,243,435
Liabilities:			
Accounts payables and accrued liabilities	\$ 16,376,944	\$ 492,771	\$ 16,869,715
Claims payable	4,121,020	587,474	4,708,494
Retainage payable	8,050,192	-	8,050,192
Salaries and payroll deductions payable	1,658,955	118,593	1,777,548
Payable from restricted assets	-	1,220,560	1,220,560
Accrued interest payable	526,421	157,703	684,124
Unearned revenue	-	338,023	338,023
Certificates of indebtedness	9,356,000	-	9,356,000
Long-term non-current liabilities			
Due within one year	1,870,020	3,108,455	4,978,475
Due in more than one year	37,379,219	4,463,880	41,843,099
Total liabilities	\$ 79,338,771	\$ 10,487,459	\$ 89,826,230
Net Position:			
Invested in capital assets, net of related debt	\$ 350,256,061	\$ 204,966,155	\$ 555,222,216
Restricted for:			
Capital projects	452,609	-	452,609
Debt service	1,232,224	353,165	1,585,389
Other purposes	7,785,544	503,968	8,289,512
Unrestricted	18,673,457	11,194,022	29,867,479
Total net position	\$ 378,399,895	\$ 217,017,310	\$ 595,417,205

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT**Statement of Activities****For the year ended December 31, 2013**

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contrib- utions	Capital Grants and Contrib- utions	Net (Expense) Revenue and Changes in Net Position		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government							
Judicial	\$ 607,122	\$ 49,271	\$ -	\$ -	\$ (557,851)	\$ -	\$ (557,851)
Other general government	29,878,021	2,492,129	15,443,154	54,182,911	42,240,173	-	42,240,173
Public Safety	10,548,513	13,430	1,935,549	-	(8,599,534)	-	(8,599,534)
Public works	19,434,223	88,115	624,751	1,147,916	(17,573,441)	-	(17,573,441)
Culture and recreation	2,889,701	2,156,309	252,892	-	(480,500)	-	(480,500)
Health and welfare	6,692,893	-	5,649,464	-	(1,043,429)	-	(1,043,429)
Interest on long-term debt	1,860,282	-	-	-	(1,860,282)	-	(1,860,282)
Total governmental activities	71,910,755	4,799,254	23,905,810	55,330,827	12,125,136	-	12,125,136
Business-Type Activities:							
Water and sewer	10,153,902	5,748,284	12,550	5,690,363	-	1,297,295	1,297,295
Interest on long-term debt	494,988	-	-	-	-	(494,988)	(494,988)
Total business-type activities	10,648,890	5,748,284	12,550	5,690,363	-	802,307	802,307
Total	\$ 82,559,645	\$ 10,547,538	\$ 23,918,360	\$ 61,021,190	\$ 12,125,136	\$ 802,307	\$ 12,927,443
General revenues:							
Taxes:							
Ad valorem (property) taxes					12,941,340	-	12,941,340
Sales and use taxes					15,844,744	3,961,184	19,805,928
Severance					971,328	-	971,328
E telephone					378,840	-	378,840
Other					111,949	-	111,949
Interest and investment earnings					195,208	37,106	232,314
Other general revenues (expenses)					1,168,627	330,835	1,499,462
Loss on disposal of capital assets					(149,742)	-	(149,742)
Cancellation of debt					5,403,510	-	5,403,510
Total general revenues					36,865,804	4,329,125	41,194,929
Transfer in (out)					(14,209,856)	14,209,856	-
Changes in net position					34,781,084	19,341,288	54,122,372
Net position, beginning of year					343,618,811	197,676,022	541,294,833
Net position, end of year					\$ 378,399,895	\$ 217,017,310	\$ 595,417,205

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT**Governmental Funds - Balance Sheet**

December 31, 2013

	General Fund	CDBG Disaster Fund	Disaster Recovery Fund	Non-Major Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 4,180,606	\$ 122,278	\$ 7,487,436	\$ 19,689,446	\$ 31,479,766
Investments - land held for sale	5,326,500	-	-	-	5,326,500
Receivables:					
Sales and use taxes	1,729,591	-	-	576,530	2,306,121
Property taxes	804,293	-	-	11,459,352	12,263,645
Cable franchise fees	99,097	-	-	-	99,097
Intergovernmental	1,393,626	3,760,961	11,764,277	1,087,389	18,006,253
Other	391,967	-	-	1,299,016	1,690,983
Due from other funds	9,104,788	-	14,025,396	3,825,691	26,955,875
Prepays	84,990	-	-	113,744	198,734
Other assets	9,714	-	-	-	9,714
Total assets	\$ 23,125,172	\$ 3,883,239	\$ 33,277,109	\$ 38,051,168	\$ 98,336,688
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 1,710,730	\$ 2,255,110	\$ 9,055,049	\$ 3,420,121	\$ 16,441,010
Retainage payable	20,669	1,710,274	6,097,437	221,812	8,050,192
Salaries and payroll deductions payable	528,595	-	-	839,236	1,367,831
Due to other funds	8,760,076	58,026	14,088,714	7,057,585	29,964,401
Short-term certificates of indebtedness	3,150,000	-	-	6,206,000	9,356,000
Total liabilities	14,170,070	4,023,410	29,241,200	17,744,754	65,179,434
DEFERRED INFLOWS	6,342,461	2,486,566	6,810,124	2,007,573	17,646,724
FUND BALANCES					
Nonspendable amounts:					
Prepaid items	84,990	-	-	113,744	198,734
Restricted for:					
Mortgage refunding	91,185	-	-	-	91,185
Debt service	-	-	-	1,232,224	1,232,224
Federal programs	-	-	-	4,324,697	4,324,697
Council on aging	-	-	-	383,237	383,237
Road lighting	-	-	-	-	-
Health	-	-	-	795,290	795,290
Communication	-	-	-	385,777	385,777
Public safety	-	-	-	1,805,358	1,805,358
Capital outlay	-	-	-	452,609	452,609
Committed to:					
Capital outlay	-	-	-	1,803,029	1,803,029
Assigned to:					
Court operations	-	-	-	138,907	138,907
Recreation	-	-	-	1,180,614	1,180,614
Recovery	-	-	-	5,778,104	5,778,104
Unassigned	2,436,466	(2,626,737)	(2,774,215)	(94,749)	(3,059,235)
Total fund balances	2,612,641	(2,626,737)	(2,774,215)	18,298,841	15,510,530
Total liabilities, deferred inflows, and fund balances	\$ 23,125,172	\$ 3,883,239	\$ 33,277,109	\$ 38,051,168	\$ 98,336,688

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENTReconciliation of the Governmental Funds - Balance Sheet to the Statement of Net PositionDecember 31, 2013

Total fund balances – governmental funds		\$	15,510,530
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Parish as a whole. The cost of those assets is allocated over their estimated useful lives (as depreciation expense) to the various programs and reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$	438,989,345	
Accumulated depreciation		<u>(52,848,854)</u>	386,140,491

Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.			17,646,724
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Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements.			(526,421)
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Long-term liabilities consist of:

Bonds payable, net of premium/discount	\$	(35,894,144)	
Net other post-employment benefit obligation		(1,799,417)	
Compensated absences		<u>(1,555,678)</u>	(39,249,239)

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 position.

			<u>(1,122,190)</u>
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Net position – governmental activities		\$	<u>378,399,895</u>
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See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT**Governmental Funds - Statement of Revenues,
Expenditures, and Changes in Fund Balances**

For the year ended December 31, 2013

	General Fund	CDBG Disaster Fund	Disaster Recovery Fund	Non-major Governmental Funds	Total
REVENUES					
Taxes					
Ad valorem	\$ 931,460	\$ -	\$ -	\$ 11,893,041	\$ 12,824,501
Sales and Use	11,883,558	-	-	3,961,186	15,844,744
Other taxes, penalties, interest, etc.	1,076,092	-	-	386,025	1,462,117
Licenses and permits	1,206,237	-	-	37,170	1,243,407
Intergovernmental					
Federal grants	2,909,087	9,918,447	50,336,132	14,124,574	77,288,240
State funds					
State revenue sharing (net)	6,838	-	-	32,230	39,068
Other	28,738	-	1,337	2,227,474	2,257,549
Fees, charges, and commissions for services	1,226,969	-	-	2,328,878	3,555,847
Fines and forfeitures	-	-	-	181,524	181,524
Use of money and property	830	-	-	-	830
Other	623,566	42	-	363,495	987,103
Total revenues	19,893,375	9,918,489	50,337,469	35,535,597	115,684,930
EXPENDITURES					
General government					
Judicial	-	-	-	88,775	88,775
Other general government	14,114,750	1,737,543	6,069,250	3,921,618	25,843,161
Public safety	-	-	-	9,718,598	9,718,598
Public works	-	-	-	9,189,794	9,189,794
Culture and recreation	-	-	-	1,913,604	1,913,604
Health and welfare	-	-	-	6,625,617	6,625,617
Debt service					
Principal	-	-	-	280,000	280,000
Interest and fiscal charges	-	-	-	1,322,566	1,322,566
Capital outlay	827,585	8,070,571	7,301,382	5,282,081	22,281,619
Total expenditures	14,942,335	10,608,114	13,370,632	38,342,653	77,263,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,951,040	(689,625)	36,966,837	(2,807,056)	38,421,196
OTHER FINANCING SOURCES (USES)					
Operating transfers in	5,230,831	-	292,252	6,168,869	11,691,952
Operating transfers out	(10,622,823)	(136)	(14,825,304)	(453,546)	(25,901,808)
Total other financing sources (uses)	(5,391,991)	(136)	(14,533,052)	5,715,323	(14,209,856)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(440,951)	(689,761)	22,433,785	2,908,267	24,211,340
FUND BALANCES - BEGINNING OF YEAR	3,053,592	(1,936,976)	(25,208,000)	15,390,574	(8,700,810)
FUND BALANCES - END OF YEAR	\$ 2,612,641	\$ (2,626,737)	\$ (2,774,215)	\$ 18,298,841	\$ 15,910,530

See accompanying notes to financial statements.

Statement F

ST. BERNARD PARISH GOVERNMENT

Reconciliation of the Governmental Funds - Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended December 31, 2013

Total net changes in fund balances -- governmental funds	\$ 24,211,340
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities the costs of those assets are allocated over their estimated useful lives and are reported as depreciation expense. This represents the amount that capital outlays exceeded depreciation expense and the loss on disposals in the current period.	6,050,955
The issuance of long-term debt (e.g. bonds) provide 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 position. This amount is the net effect of these differences in the treatment of long-term debt.	
Bond principal payments	280,000
Amortization of bond premium	194,125
Change in revenue accruals - Under modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual basis recognition is not limited to availability, so certain revenues not available for spending are recognized in the current year.	(231,381)
Change in other accrued expenses	(379,992)
Change in accrual basis recognition of interest expenditures	(157,724)
Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount of compensated absences earned that exceeded amounts paid in the current period.	(138,224)
The change in the net other post-employment benefit obligation reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(236,898)
Cancellation of debt (principal and accrued interest) by lender (CDL loan)	5,403,510
The net revenue of certain activities of internal service funds is reported with governmental activities	<u>(214,627)</u>
Change in net position of governmental activities	<u>\$ 34,781,084</u>

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT

Statement G

Proprietary Funds
Statement of Net Position

December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewer Division	Other Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,215,678	\$ -	\$ 4,215,678	\$ 1,602,894
Investments	-	-	-	864,377
Customer receivables (net of allowance for uncollectibles)	150,423	-	150,423	-
Unbilled charges	345,364	-	345,364	-
Due from other funds	12,490,991	-	12,490,991	1,107,281
Prepays	78,429	-	78,429	4,203
Inventory	367,920	-	367,920	-
Loans receivable	744,000	-	744,000	-
Interest receivable	4	-	4	-
Restricted assets:				
Cash and cash equivalents				
Revenue bond debt service accounts	2,199,218	-	2,199,218	-
Capital renewal and replacement and systems improvement accounts	388,646	-	388,646	-
Sales tax based debt service reserve	980,922	-	980,922	-
Sales tax based debt service account	7,093,914	-	7,093,914	-
Construction fund	1,594,666	-	1,594,666	-
Inflow and infiltration	2	-	2	-
Other debt service accounts	-	353,165	353,165	-
Customer meter deposits	195,643	-	195,643	-
Sales tax receivable	576,528	-	576,528	-
Total current assets	31,422,378	353,165	31,775,543	4,578,805
PROPERTY, PLANT, AND EQUIPMENT				
Property, plant, and equipment, at cost	314,233,325	-	314,233,325	-
Less: Accumulated depreciation	(109,267,170)	-	(109,267,170)	-
Property, plant, and equipment, net	204,966,155	-	204,966,155	-
Total assets	\$ 236,388,533	\$ 353,165	\$ 236,741,698	\$ 4,578,805
LIABILITIES AND NET POSITION				
LIABILITIES				
Current liabilities:				
Accounts and other payables	\$ 492,588	\$ -	\$ 492,588	\$ 69,085
Self insurance claims payable	-	-	-	4,708,494
Salaries payable	118,593	-	118,593	251,124
Unearned revenues	338,023	-	338,023	-
Due to other funds	10,328,554	-	10,328,554	261,292
Total current liabilities	11,277,758	-	11,277,758	5,329,995
Current liabilities payable from restricted assets:				
Bonds payable, net of unamortized debt expense	3,055,000	-	3,055,000	-
Accrued vacation leave	53,455	-	53,455	-
Accrued interest payable	157,703	-	157,703	-
Customer deposits	1,220,560	-	1,220,560	-
Total current liabilities payable from restricted assets	4,486,718	-	4,486,718	-
Noncurrent liabilities:				
Accrued vacation leave	160,366	-	160,366	-
Bonds payable, net of unamortized debt expense	4,303,514	-	4,303,514	-
Total noncurrent liabilities	4,463,880	-	4,463,880	-
Total liabilities	20,228,356	-	20,228,356	5,329,995
NET POSITION				
Reported in capital assets, net of related debt	204,966,155	-	204,966,155	-
Restricted for:				
Capital renewal and replacement and system improvements	-	-	-	-
Debt service	-	353,165	353,165	-
Inflow and infiltration	-	-	-	(751,190)
Self insurance	-	-	-	-
Unrestricted	11,194,022	-	11,194,022	-
Total net position	\$ 216,160,177	\$ 353,165	216,513,342	\$ (751,190)
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time				
			503,968	
Net position of business-type activities			\$ 217,017,310	

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT**Proprietary Funds**
Statement of Revenues, Expenses, and Changes in Fund Net Position

For the year ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewer Division	Other Enterprise Funds	Total	
OPERATING REVENUES				
Charges for services	\$ 5,533,584	\$ -	\$ 5,533,584	\$ 1,268,882
Other operating revenues	90,905	-	90,905	-
Total operating revenues	5,624,489	-	5,624,489	1,268,882
OPERATING EXPENSES				
Personal services and related benefits	2,291,273	-	2,291,273	182,194
Utilities	1,030,890	-	1,030,890	-
Contractual services, supplies, and materials	506,255	-	506,255	-
Professional services	46,910	-	46,910	49,757
Insurance premiums	-	-	-	1,272,323
Insurance and claims expense	774,936	-	774,936	-
Depreciation and amortization	5,036,938	-	5,036,938	-
Other expenses	201,824	-	201,824	4,184
Total operating expenses	9,889,026	-	9,889,026	1,508,458
Operating income (loss)	(4,264,537)	-	(4,264,537)	(239,576)
NON-OPERATING REVENUES (EXPENSES)				
Sales tax	3,961,184	-	3,961,184	-
Interest earnings:				
Restricted assets	1,106	-	1,106	-
Current assets	36,000	-	36,000	-
Interest expense and bank fees	(494,988)	-	(494,988)	253
Federal and state grants	5,702,913	-	5,702,913	-
Other nonoperating revenues and expenses, net	239,930	-	239,930	-
Deductions from taxes	(158,448)	-	(158,448)	-
Total non-operating revenues (expenses)	9,287,697	-	9,287,697	253
CHANGES IN NET POSITION BEFORE TRANSFERS	5,023,160	-	5,023,160	(239,323)
Transfers in	18,173,966	-	18,173,966	-
Transfers out	(3,964,110)	-	(3,964,110)	-
CHANGES IN NET POSITION	19,233,016	-	19,233,016	(239,323)
NET POSITION:				
BEGINNING OF YEAR	196,927,161	353,165		(511,867)
END OF YEAR	\$ 216,160,177	\$ 353,165		\$ (751,190)
Adjustment for the net effect of the current year activity between the internal service funds and enterprise funds			108,272	
Changes in net position of business-type activities			\$ 19,341,288	

See accompanying notes to financial statements.

ST. BERNARD PARISH GOVERNMENT

Statement 1

Proprietary Funds
Statement of Cash Flows

For the year ended December 31, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water and Sewer Division	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 6,261,912	\$ -	\$ 6,261,912	\$ 1,268,882
Cash paid to suppliers of goods or services	(3,722,768)	-	(3,722,768)	(937,962)
Cash paid to employees	(2,405,130)	-	(2,405,130)	-
Net cash provided by operating activities	134,014	-	134,014	330,920
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in, net	14,209,856	-	14,209,856	-
Other non-operating revenues	315,442	-	315,442	-
Net payments to other funds	(264,625)	-	(264,625)	(214,700)
Net cash provided by (used in) non-capital financing activities	14,260,673	-	14,260,673	(214,700)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	5,702,913	-	5,702,913	-
Sales tax receipts	3,802,571	-	3,802,571	-
Principal payments on outstanding bonds	(2,935,000)	-	(2,935,000)	-
Interest expense on outstanding bonds	(329,492)	-	(329,492)	-
Purchase of capital assets	(17,182,182)	-	(17,182,182)	-
Net cash used in capital and related financing activities	(10,941,190)	-	(10,941,190)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	-	-	-	(253)
Interest received	1,102	-	1,102	253
Net cash provided by capital and related financing activities	1,102	-	1,102	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,454,599	-	3,454,599	116,220
CASH AND CASH EQUIVALENTS:				
BEGINNING OF YEAR	13,214,090	353,165	13,567,255	2,486,674
END OF YEAR	\$ 16,668,689	\$ 353,165	\$ 17,021,854	\$ 2,602,894
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating loss	\$ (4,264,537)	-	(4,264,537)	\$ (239,576)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	5,036,938	-	5,036,938	-
Decrease in customer receivable	265,810	-	265,810	-
Decrease in unbilled charges	7,810	-	7,810	-
Increase in prepaids	(5,333)	-	(5,333)	4,808
Decrease in inventory	98,905	-	98,905	-
Decrease in accounts payable and accrued expenses	(1,264,167)	-	(1,264,167)	563,773
Decrease in salaries payable	(105,215)	-	(105,215)	1,915
Increase in customer deposits	25,780	-	25,780	-
Increase in unearned revenue	338,023	-	338,023	-
Net cash provided by operating activities	\$ 134,014	-	\$ 134,014	\$ 330,920

See accompanying notes to financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(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 basic financial statements of the St. Bernard Parish Government (the Parish) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB). The most significant accounting and reporting policies of the Parish are described in the following notes to the basic financial statements.

Basis of Presentation – Financial Reporting Entity

The accompanying financial statements include financial statements for the Parish and certain legally separate organizations in accordance with Governmental Accounting Standards Board (GASB) Codification Section 2100. Organizations are included if the Parish is financially accountable for them, or the nature and significance of their relationship with the Parish is such that exclusion would cause the Parish's financial statements to be misleading or incomplete.

The Parish is financially accountable for an organization if it appoints a voting majority of the organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish. In addition, an organization that is fiscally dependent on the primary government should be included in its reporting entity.

Component Units

In accordance with GASB, the Parish has determined the following component units are part of the reporting entity.

St. Bernard Parish Hospital	December 31, year end
St. Bernard Parish Library	December 31, year end
St. Bernard Parish Home Mortgage Authority	March 31, year end

Complete financial statements of the discretely presented component units can be obtained from their administrative offices. The Parish has chosen to issue financial statements of the primary government only; therefore only the funds, organizations, institutions, agencies, departments, and offices that comprise the Parish's legal entity are included. GASB Codification provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (the Parish) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to government entities. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government only of the Parish.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Component Units (continued)

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

Basis of Presentation – Government-Wide Financial Statements

The Parish's basic financial statements include both government-wide (reporting the Parish as a whole) and fund financial statements (reporting the Parish's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Parish's judicial, general government, public safety, public works, cultural and recreation, and health and welfare services are classified as governmental activities. The Parish's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resources basis, which recognizes long-term assets and receivables, long-term debt and obligations, as well as deferred inflows/outflows of resources.

The government-wide Statement of Activities reports both the gross and net cost of each of the Parish's functions and business-type activities. The functions are also supported by general government revenues, including property taxes, sales taxes, and other general revenues. Program revenues must be directly associated with the function (judicial, general government, public safety, public works, cultural and recreation, and health and welfare), or a business-type activity. Operating grants include operating specific and discretionary grants; while the capital grants column reports capital specific grants. The net costs (by function and business-type activity) are normally covered by general revenues of the Parish. 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.

This government-wide focus is more on the sustainability of the Parish as an entity and the changes in the Parish's net positions resulting from the current year's activities.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements

The financial transactions of the Parish are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column on the fund financial statements. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category of the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The various funds of the primary government are grouped into generic fund types and broad fund categories as follows:

(a) **General Fund** – The General Fund is the general operating fund of the Parish. It is used to account for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

(b) **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. The two special revenue funds reported as major funds in the fund financial statements are as follows:

CDBG Disaster Fund – This special revenue fund is used to account for the proceeds and expenses associated with CDBG funds.

Disaster Recovery Fund – This special revenue fund accounts for grants received from the Federal Emergency Management Agency (FEMA) for natural disasters.

(c) **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.

(d) **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 financed by the proprietary fund). In addition, the funds are used to account for major street repairs and the acquisition of movable fixed assets. There are no capital projects funds that are major funds.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Basis of Presentation – Fund Financial Statements (continued)

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The Parish reports the following proprietary fund types:

- (a) **Enterprise Funds** – Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Water and Sewer enterprise funds operate the Parish's water distribution system and its sewer system which primarily services the Parish's residents.
- (b) **Internal Service Funds** – Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the Parish on a cost reimbursement basis. Because the principal users of the internal services are the Parish's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements.

Basis of Accounting-Measurement Focus

Basis of Accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other non-exchange revenues, including intergovernmental revenues and grants are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Change in Accounting Principles

The Parish has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position/balance sheets. The Parish implemented this statement effective January 1, 2013, with no impact to the Parish.

The GASB issued Statement No. 66, *Technical Corrections - 2012* in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the Parish with the implementation of this statement.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions.

Cash and Cash Equivalents

The Parish's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

For purposes of the statement of cash flows, cash includes petty cash and demand deposits. Certain proceeds of the Enterprise funds 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 Position because their use is limited by applicable bond covenants.

Investments

Investments are stated at fair value based on quoted market prices.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Investments – Land Held for Sale

The Parish has property that is being actively marketed for sale at year end. Accordingly, the property is recorded at the lower of cost or fair value and is reported as assets held for sale in the accompanying statement of net position.

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 paid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets (i.e., land, buildings, equipment, and improvements other than buildings), which include the Parish's infrastructure and construction in progress, are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets are recorded at their fair value on the date donated. An item is classified as an asset if the initial individual cost is \$5,000 or greater. Capital assets of the Parish are reported in the government-wide financial statements but not in the governmental fund financial statements. Assets subject to depreciation are depreciated using the straight-line method over estimated useful lives. A salvage value of 10% of historical cost is assigned to depreciable assets of the Parish.

Additions and improvements that significantly extend the useful life of an asset are capitalized. Repairs and maintenance costs are expensed as incurred.

The Parish reviews the carrying value of its capital assets to determine if circumstances exist indicating impairment in the carrying value of capital assets. If facts or circumstances support the possibility of impairment, management follows guidance in GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. If impairment is indicated, an adjustment will be made to the carrying value of the capital assets.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

The estimated useful lives (in years) of all depreciable assets are as follows:

Buildings and improvements	20 – 40
Furniture, fixtures, and equipment	5 – 10
Machinery and equipment	5 – 15
Bridges	40
Water and sewerage systems	25
Canals	30 – 50
Road system	20 – 40

Capital assets are included in the capital asset accounts until their disposal. The cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of sale or retirement, and any resulting gain or loss is recorded in the financial statements.

Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Parish only has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly the item, unavailable revenue, is reported only in the governmental funds balance sheet. The source of the unavailable revenue is primarily two items: receivable amounts not received within sixty days and the land held for sale not sold within sixty days. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Liability for Claims and Judgments

The Insurance Fund was established to account for the self-insurance of workmans' 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.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Liability for Claims and Judgments (continued)

An annual analysis of all open policy years for workers' compensation and automobile and general liability is completed by the risk manager and legal counsel 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, 2013.

Annual and Sick Leave

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, 2013, accrued vacation and sick leave was \$1,555,678 for governmental activities.

At December 31, 2013, the accrued vacation and sick leave was \$213,821 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.

Long-term Obligations

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

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

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Government-wide and Proprietary Fund Net Position

The Parish has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective fiscal year 2012. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position. In the government-wide financial statements, net position is displayed into three components:

- a. Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position - consists of assets that are restricted by the Parish's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- c. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Governmental Fund Balances

In the governmental fund financial statements fund balances are classified as follows:

Non-Spendable Fund Balance - amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance - amounts that can be spent only for specific purposes because of the Parish Charter, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by a vote of the Parish Council; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as the Parish and its management.

Unassigned Fund Balance - all amounts not included in other spendable classifications.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies (continued)

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are eliminated in the Statement of Net Position. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Operating Revenues and Expenses

The Parish's proprietary funds distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses of the Parish's water and sewer funds consist of charges for services and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

Budgets

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

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

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

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(2) Deposits and Investments

Deposits. The Parish's deposits are subject to and maintained in accordance with the State of Louisiana's Constitutional Revised Statutes (Revised Statutes). Under the Revised Statutes, all deposits exceeding the amount insured by the FDIC are to be fully collateralized with specific approved securities designated therein valued at 102% of the deposits. The eligible collateral pledged are held in custody by any Federal Reserve Bank, or branch thereof or an independent third party with whom the Parish has a current custodial agreement. All collateral held must be clearly marked, indicating evidence of ownership (safekeeping receipt). Deposits collateralized under the Revised Statutes are considered collateralized with securities held by the pledging financial institutions trust department or agent in the "Parish's name."

At December 31, 2013, the carrying amount of the Parish's deposits was \$51,104,504.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it under state law. At December 31, 2013, the Parish's bank balances totaled \$54,156,796. These bank deposits were completely secured by federal depository insurance or the pledge of securities held by the pledging banks agent in the Parish's name at December 31, 2013.

Investments. State statutes authorized 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 invests monies with the Louisiana Asset Management Pool (LAMP). At December 31, 2013, the Parish held \$290,508 in LAMP in the internal service funds. LAMP is administered by LAMP Inc., a nonprofit 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.

GASB standards requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7- like investment pool. The following facts are relevant for 2a7 like investment pools:

- **Credit risk:** LAMP is rated AAA by Standard & Poor's.
- **Custodial credit risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of credit risk:** Pooled investments are excluded from the 5 percent disclosure requirement.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(2) Deposits and Investments (continued)

Investments (continued)

- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 as of December 31, 2013.
- **Foreign currency risk:** Not applicable to 2a7-like pools.

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 net asset 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.

The Parish follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires the adjustments of the carrying values of investments to fair value, which is based on available market values. The Local Government Investment Pool is a "2a-7-like" pool in accordance with GASB Statement No. 31; therefore, it is not presented at fair value but at its actual pooled share price, which approximates fair value.

GASB standards requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. The Parish manages interest rate risk for investments under the control of the Parish by limiting the maximum maturity of investments in accordance with their investment policy. As stated in its investment policy, the Parish will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, cash will not be invested in securities maturing more than three years from the date of purchase.

At December 31, 2013, the governmental and fiduciary funds, investment balances and maturities for those investments were as follows (amounts in thousands):

	<u>Investment maturity in years</u>	
	<u>Total</u>	<u>Less than one year</u>
LAMP	\$ 290,508	\$ 290,508
Certificate of Deposit	573,819	573,819
Total investments	<u>\$ 864,327</u>	<u>\$ 864,327</u>

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(2) Deposits and Investments (continued)

Credit Quality Risk – Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Parish. The Parish does not have a policy statement concerning credit quality risk in its investment policy. National rating agencies assess this risk and assign a credit quality rating for most investments. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. government agencies not explicitly guaranteed by the U.S. government. LAMP has been rated AAA by Standard & Poor's Corporation.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of a failure, the Parish will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Parish's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Parish's name. The investments of the Parish at December 31, 2013 were not subject to custodial credit risk.

The Parish has no formal investment policy regarding custodial credit risk or concentration of credit risk.

(3) Investments – Land Held for Sale

During the year ended December 31, 2013, the Parish entered into a cooperative endeavor agreement with the State of Louisiana Office of Community Development and the Louisiana Road Home Corporation d/b/a Louisiana Land Trust (LLT), to transfer all the properties within St. Bernard Parish that were being held by LLT to St. Bernard Parish. Included on the statement of net position at December 31, 2013 is \$5,326,500 in land held for sale representing lots throughout St. Bernard Parish. No depreciation is being recorded on the properties being held for sale. During the year ended December 31, 2013, no properties were sold by the Parish.

(4) Sales Tax Revenues

At December 31, 2013, the total sales tax levied in the Parish is 9%, of which 4% is state sales tax, 2% is levied by the St. Bernard Parish School Board (the School Board), and .5% is dedicated to the St. Bernard Parish Sheriff. The remaining 2.5% is used to fund the general operations of the Parish. The 2.5% sales tax revenue dedicated to the Parish is recorded in the financial statements as follows: 1.5% is general government operations of the Parish (general fund), .5% is for sanitation (non-major special revenue fund), and .5% is for water & sewerage (proprietary funds). The sales tax for water and sewer is dedicated for improvements to the sewer and water system 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 services on bonds or otherwise approved by at least two-thirds of the Parish Council. The St. Bernard Parish Sheriff is authorized to collect and remit this tax to the Parish government and School Board for a stipulated fee.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(5) Ad Valorem Tax

The Parish levies a tax on real and personal property. Portions of these property taxes are dedicated for fire and police protection services and the public library system. Taxes on real and personal property are levied on November 1 of the assessment year based upon the assessed value as of the prior January 1. However, before the tax can be levied, the tax rolls must be submitted to the State Tax Commission for approval. Taxes are due and payable on November 15, the date on which an enforceable lien attaches on the property, and are delinquent on December 31.

The assessed value of property in the Parish for each year is determined by an elected Board of Assessors. It is then certified by the Louisiana Tax Commission as complying with the Louisiana Constitution of 1974. The Parish is permitted by the Louisiana statutes to levy taxes up to \$49.27 per \$1,000 of assessed valuation for general governmental services (including fire) other than the payment of principal and interest on long-term debt and other purposes specifically approved by the voters. It is permitted to levy taxes in unlimited amounts for the payment of principal and interest on general obligation bonds of the Parish.

Property tax levies per \$1,000 of assessed valuation accounted for within the funds of the Parish (primary government only) for the year ended December 31, 2013 are as follows:

General:		
General governmental services	\$	2.75
Special revenue:		
Fire Protection District No. 1		7.33
Fire Protection District No. 2		8.14
St. Bernard Council on Aging		0.94
Recreation		2.17
Public Works (Road District No. 1)		3.05
Road Lighting District No. 1		1.22
Public health		0.62
Garbage District No. 1		3.05
Parishwide fire protection facilities		20.00
	\$	<u>49.27</u>

Property taxes levied on November 15, 2013, collected during 2013, or expected to be collected within the first 60 days of 2014, are recognized as revenues in the statement of revenues, expenditures, and changes in fund balances – governmental funds. The entire estimated collectible amount of the tax levy for the fiscal year is recorded as revenue in the government-wide financial statements. Property taxes paid under protest are held in escrow until resolution of the dispute. Amounts collected for other governmental entities are accounted for in the agency funds.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(6) Allowance for Uncollectible Receivables

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

Governmental funds:

General Fund	\$ 25,554
Non-major governmental funds	358,140

Business-type funds:

Water and Sewer Division	<u>569,136</u>
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Total allowance for uncollectibles	<u>\$ 952,830</u>
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ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(7) Capital Assets

A summary of changes in capital assets of governmental activities and business-type is as follows:

	<u>Balance January 1, 2013</u>	<u>Additions</u>	<u>Deletions and adjustments</u>	<u>Transfers</u>	<u>Balance December 31, 2013</u>
Governmental Activities:					
Nondepreciable capital assets:					
Land	\$ 19,245,801	\$ -	\$ -	\$ -	\$ 19,245,801
Construction in progress	26,739,396	18,263,313	-	(21,126,505)	23,876,204
Total nondepreciable capital assets	<u>45,985,197</u>	<u>18,263,313</u>	<u>-</u>	<u>(21,126,505)</u>	<u>43,122,005</u>
Depreciable capital assets:					
Land improvements	20,167	-	-	-	20,167
Buildings and improvements	129,682,131	220,209	(200,000)	-	129,702,340
Furniture, fixtures, and equipment	381,929	-	-	-	381,929
Machinery and equipment	17,762,374	682,386	(712,424)	-	17,732,336
Road system	225,456,815	83,888	-	21,126,505	246,667,208
Bridges	1,363,360	-	-	-	1,363,360
Total depreciable capital assets	<u>374,666,776</u>	<u>986,483</u>	<u>(912,424)</u>	<u>21,126,505</u>	<u>395,867,340</u>
Less: accumulated depreciation	<u>(40,562,437)</u>	<u>(13,049,099)</u>	<u>762,682</u>	<u>-</u>	<u>(52,848,854)</u>
Total depreciable capital assets, net	<u>334,104,339</u>	<u>(12,062,616)</u>	<u>(149,742)</u>	<u>21,126,505</u>	<u>343,018,486</u>
Total governmental activities capital assets, net	<u>\$ 380,089,536</u>	<u>\$ 6,200,697</u>	<u>\$ (149,742)</u>	<u>\$ -</u>	<u>\$ 386,140,491</u>
Business-type Activities:					
Nondepreciable capital assets:					
Land	\$ 221,036	\$ -	\$ -	\$ -	\$ 221,036
Construction in progress	48,920,601	16,957,516	-	(15,267,055)	50,611,062
Total nondepreciable capital assets	<u>49,141,637</u>	<u>16,957,516</u>	<u>-</u>	<u>(15,267,055)</u>	<u>50,832,098</u>
Depreciable capital assets:					
Buildings	74,162,299	-	(190,731)	-	73,971,568
Furniture, fixtures, and equipment	36,492	-	-	-	36,492
Machinery and equipment	1,920,372	-	(306,897)	-	1,613,475
Infrastructure	172,171,195	341,442	-	15,267,055	187,779,692
Total depreciable capital assets	<u>248,290,358</u>	<u>341,442</u>	<u>(497,628)</u>	<u>15,267,055</u>	<u>263,401,227</u>
Less: accumulated depreciation	<u>(104,535,572)</u>	<u>(5,153,714)</u>	<u>422,116</u>	<u>-</u>	<u>(109,267,170)</u>
Total depreciable capital assets, net	<u>143,754,786</u>	<u>(4,812,272)</u>	<u>(75,512)</u>	<u>15,267,055</u>	<u>154,134,057</u>
Total business-type activities capital assets, net	<u>\$ 192,896,423</u>	<u>\$ 12,145,244</u>	<u>\$ (75,512)</u>	<u>\$ -</u>	<u>\$ 204,966,155</u>

At December 31, 2013, construction progress in the business-type activities primarily consists of improvements to the sewer sanitary system.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(7) Capital Assets (continued)

Depreciation expense was charged to functions/programs of the primary government as:

Governmental Activities:

General government	
Judicial	\$ 518,347
Library	30,506
Other general government	382,529
Public safety	829,915
Public works	10,244,429
Culture and recreation	976,097
Health and welfare	<u>67,276</u>
Total depreciation expense - governmental activities	<u>\$ 13,049,099</u>

Business-type Activities:

Water and sewer	<u>\$ 5,036,938</u>
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(8) Long-Term Debt

Bond Transactions -- governmental funds

The Parish issues bonds to provide for the acquisition and construction of major capital facilities. Bonds payable, at December 31, 2013 comprise the following:

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
2012 Sales Tax Refunding Bonds, due in annual installments ranging from \$470,000 to \$3,515,000 commencing March 2014 through March 2024	\$33,885,000	0.9 - 4.0%	\$ 33,885,000	\$ 470,000
2013 Limited Tax Certificates of Indebtedness, due in full in March 2014	9,356,000	1.03%	<u>9,356,000</u>	<u>9,356,000</u>
			<u>43,241,000</u>	<u>\$ 9,826,000</u>
Bond premium at December 31, 2013			<u>2,009,144</u>	
			<u>\$ 45,250,144</u>	

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(8) Long-Term Debt (continued)

On January 1, 2003, the 2003 Sales Tax Refunding Bonds were issued for the purpose of refunding the 1996 Public Improvement Bonds and making capital improvements. A portion (\$3,200,000) of the 2003 bonds were defeased during the year ended December 31, 2012 with proceeds from the 2012 Sales Tax Refunding Bonds. In March of 2013, the remainder of the 2003 Sales Tax Refunding Bonds were paid in full.

On July 17, 2012, the 2012 Sales Tax Refunding Bonds were issued for the purpose of refunding the 2003 Sales Tax Refunding Bonds and the 2004 Sales Tax Bonds.

On July 1, 2013, the 2013 Limited Tax Certificates of Indebtedness were issued for the purpose of advance funding in anticipation of the collection of parish wide fire district ad valorem tax revenues. The Certificates were paid in full in January 2014.

Bond Transactions – proprietary funds

<u>Description</u>	<u>Original issue</u>	<u>Range of average interest rates</u>	<u>Amount outstanding</u>	<u>Due in one year</u>
2004 Sales Tax Bonds due in annual installments ranging from \$45,000 to \$2,415,000 commencing August 2004 through March 2024	\$ 50,000,000	4.0-5.0%	\$ 2,935,000	\$ 2,415,000
2008 Sales Tax Refunding Bonds, due in annual installments ranging from \$615,000 to \$795,000 commencing March 2008 through March 2019	6,715,000	3.88%	<u>4,305,000</u>	<u>640,000</u>
			<u>7,240,000</u>	<u>\$ 3,055,000</u>
			<u>118,514</u>	
			<u>\$ 7,358,514</u>	

On August 1, 2004, the 2004 Sales Tax Bonds were issued to provide for capital improvements to the Water and Sewer funds. A portion (\$30,210,000) of the 2004 Sales Tax bonds were defeased during the year ended December 31, 2012 with proceeds from the 2012 Sales Tax Refunding Bonds.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(8) Long-Term Debt (continued)

The payment requirements for all bonds outstanding, including, as of December 31, 2013, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ending December 31:		
2014	\$ 12,881,000	\$ 1,617,283
2015	3,675,000	1,404,927
2016	3,780,000	1,273,712
2017	3,910,000	1,123,152
2018	4,060,000	967,228
2019 - 2023	18,600,000	2,500,646
2024 - 2048	3,575,000	70,300
	<u>\$ 50,481,000</u>	<u>\$ 8,957,248</u>

The Parish's legal debt limit for General Obligation Bonds is \$30,986,642. At December 31, 2013, Parish's outstanding debt is funded through sales tax receipts. At December 31, 2013, the Parish has \$30,986,642 available for general obligation debt.

The various bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverages. At December 31, 2013, management believes it is in compliance with all financial related covenants.

General Obligation Refunding Bonds, Series 2012

In July 2012, the Parish issued \$33,885,000 of Sales Tax Refunding Bonds (Series 2012) to refund \$30,210,000 of the Series 2004 Sales Tax Bonds, and \$3,200,000 of the Series 2003 Sales Tax Bonds. The cost of issuance of the Series 2012 Sales Tax Refunding Bonds totaled \$348,120 and the net deferred loss on refunding was \$130,823. By refunding these bonds, the Parish reduced its total debt service payments over the next 11 years by approximately \$1,889,518 and obtained an economic gain of approximately \$1,612,440.

Defeased Bonds

The Series 2003 Sales Tax Bonds and Series 2004 Sales Tax Bonds were partially advanced refunded in 2012. A portion of the proceeds from a subsequent bond issuance was placed in escrow with a trustee. The principal and interest from these invested funds is used to service the debt of the refunded issue. Neither the escrow fund nor the Series 2003 and Series 2004 bonds payable are shown in the accompanying statement of net position. At December 31, 2013, the outstanding balance of the defeased Series 2003 and 2004 bonds was \$0 and \$2,935,000, respectively.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(8) Long-Term Debt (continued)

Revenue Anticipation Note

In October 2012, the Parish issued a revenue anticipation note in the amount of \$5,000,000 to pay the costs of current operations of the Parish. The note bears interest at 3.25% and matures on March 1, 2013. At December 31, 2012, the note had a balance of \$60,000 which was paid in full in February 2013.

Limited Tax Certificates of Indebtedness

In July 2013, the Parish issued limited certificates of indebtedness totaling \$9,356,000. The certificates bear interest at 1.03% and mature on March 3, 2014. Thus, the entire amount of the certificates is included as a current liability in the statement of net position at December 31, 2013. At December 31, 2013, the certificates had a balance of \$9,356,000 which were paid in full in January 2014.

Loans Payable

During the year ended December 31, 2009, the Parish entered into a long-term agreement with the Federal Emergency Management Agency (FEMA) under the Community Disaster Loan (CDL) Act as a result of the major disaster declaration relating to Hurricane Gustav. The Parish did not receive any funds for the CDL loan during the year ended December 31, 2013. The loan was for a term of five years with annual payments of principal and interest (rate of 1.875%) through the maturity date of April 2014. Simple interest was to accrue on the outstanding principal balance until payment in full on the maturity date. In December 2013 FEMA approved the cancellation of the Parish's CDL loan, including principal and accrued interest totaling \$5,403,510.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	<u>January 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2013</u>	<u>Due in one year</u>
<u>Governmental Activities:</u>					
Claims and judgments (note 13)	\$ 3,611,808	\$ 1,068,449	\$ (559,237)	\$ 4,121,020	\$ -
Accrued annual and sick leave (note 1)	1,417,454	138,224	-	1,555,678	388,920
Sales tax bonds	34,165,000	-	(280,000)	33,885,000	470,000
Premium on sales tax bonds payable	2,203,269	-	(194,125)	2,009,144	-
Community Disaster Loan	5,000,000	-	(5,000,000)	-	-
Post-employment benefits (note 12)	1,562,519	236,898	-	1,799,417	1,011,100
	<u>\$ 47,960,050</u>	<u>\$ 1,443,571</u>	<u>\$ (6,033,362)</u>	<u>\$ 43,370,259</u>	<u>\$ 1,870,020</u>
<u>Business-type Activities:</u>					
Claims and judgments (note 13)	\$ 559,450	\$ 102,764	\$ (74,740)	\$ 587,474	\$ -
Accrued annual and sick leave (note 1)	222,463	-	(8,641)	213,822	53,455
Sales tax bonds	10,175,000	-	(2,935,000)	7,240,000	3,055,000
Premium on sales tax bonds payable	129,288	-	(10,774)	118,514	-
	<u>\$ 11,086,201</u>	<u>\$ 102,764</u>	<u>\$ (3,029,155)</u>	<u>\$ 8,159,810</u>	<u>\$ 3,108,455</u>

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(8) Long-Term Debt (continued)

Changes in Long-Term Liabilities (continued)

The long-term liabilities will be repaid from the General Fund, and the Sales Tax Bonds which will be repaid from the Debt Service Funds and the Sewer and Water Funds. At December 31, 2013, the debt service funds had \$1,232,224 in fund balance reserved to service debt.

(9) Operating Lease Income

The Parish's governmental activities recorded lease income of \$110,550 from four lease agreements in effect during the year ended December 31, 2013. The Parish's business-type activities recorded lease income of \$68,990 from six lease agreements in effect during the year ended December 31, 2013. The Parish has 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.

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2014	\$ 110,550	\$ 68,190
2015	110,550	54,182
2016	92,550	56,731
2017	92,550	56,731
2018	92,550	56,731
2019-2023	370,200	126,312
Total	<u>\$ 868,950</u>	<u>\$ 418,877</u>

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(10) Interfund Payables, Receivables and Transfers

The primary purpose of interfund receivables and payables is to loan monies from the general fund to individual funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2013, were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental funds		
Major funds		
General Fund	\$ 9,104,788	\$ 8,760,076
CDBG Fund	-	58,026
Disaster Recovery Fund	14,025,396	14,088,714
Non-major funds	<u>3,825,691</u>	<u>7,057,585</u>
Total governmental funds	<u>26,955,875</u>	<u>29,964,401</u>
Proprietary fund		
Water and Sewer Fund	12,490,991	10,328,554
Self Insurance Internal Service	286,909	-
Water and Sewer Self Insurance Internal Service	820,472	261,292
Total proprietary funds	<u>13,598,372</u>	<u>10,589,846</u>
Total all funds	<u>\$ 40,554,247</u>	<u>\$ 40,554,247</u>

Transfers between funds during the year ended December 31, 2013 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds		
Major funds		
General Fund	\$ 5,230,831	\$ 10,622,822
CDBG Disaster Fund	-	136
Disaster Recovery Fund	292,252	14,825,304
Non-major funds	<u>6,168,869</u>	<u>453,546</u>
Total governmental funds	<u>11,691,952</u>	<u>25,901,808</u>
Proprietary fund		
Water and Sewer Fund	<u>18,173,966</u>	<u>3,964,110</u>
Total proprietary funds	<u>18,173,966</u>	<u>3,964,110</u>
Total all funds	<u>\$ 29,865,918</u>	<u>\$ 29,865,918</u>

The significant operating transfers during the year ended December 31, 2013 related to the transfer of \$14,442,812 from the Disaster Recovery Fund to the Water and Sewer Fund related to improvements of water facilities funded by FEMA.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(11) Employee Retirement Systems

The Parish Government contributes to the Parochial Employees Retirement System of Louisiana, the Firefighters' Retirement System, the District Attorneys' Retirement System of Louisiana, and the Registrar of Voters Retirement System. The Parish's payroll for employees covered by the retirement systems for the year ended December 31, 2013 was \$13,337,504 (which includes a Parish payroll of \$11,459,459 and Water and Sewer Division payroll of \$1,878,045).

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 16.75% 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 Government's contributions to the System for the years ended December 31, 2013, 2012 and 2011 were \$1,328,418, \$1,374,057, and \$1,324,392, respectively, equal to the required contributions for each year. For the year ended December 31, 2013, the total payroll for Water and Sewer Division employees covered by the System under Plan A was \$1,878,045. The Water and Sewer Division's contributions to the System for the years ended December 31, 2013, 2012, and 2011 were \$314,573, \$293,841, and \$281,534, respectively, equal to the required contributions for each year.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(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 - During 2013 plan members are required to contribute 10.00% of their earnable compensation and the Parish is required to contribute at an actuarially determined rate. Beginning January 1, 2013, the Parish was paying a rate of 24.00% of annual covered payroll. Effective July 1, 2013, that rate increased to 28.25%. 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, 2013, 2012, and 2011 were \$1,336,947, \$1,196,993, and \$977,736, respectively, equal to the required contributions for each year.

c) District Attorney's 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 8% of their compensation to the System. Beginning January 1, 2013, the Parish was paying a rate of 10.25% of annual covered payroll. On July 1, 2013, that rate decreased to 9.75%. 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, 2013, 2012, and 2011 were \$25,596, \$25,181, and \$23,277, respectively, equal to the required contributions for each year.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(11) Employee Retirement Systems (continued)

d) Registrar of Voters Retirement System

Plan Description – The Parish contributes to the Registrar of Voters Retirement System (the System), a cost-sharing multiple-employer plan (Retirement System Trust Fund) and a Savings Plan (Members' Supplemental Savings Trust Fund) which is controlled and administered by a separate Board of Trustees. The System provides normal retirement, early retirement, disability retirements and death benefits, as specified in the plan. The plan was established as of January 1, 1955 by Act 215 of 1954, under R.S. Title 11:2032, as amended, for the purpose of providing retirement allowances and other benefits for registrars of voters, their deputies and their permanent employees in each parish 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 Registrars of Voters Employees' Retirement System 300 State Street Room 107 Jennings, Louisiana 70546.

Funding Policy – Plan members are required to contribute 7.00% of their compensation to the System. Beginning January 1, 2013, the Parish was paying a rate of 19.75% of annual covered payroll. On July 1, 2013, that rate increased to 24.25%. 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, 2013, 2012, and 2011 were \$7,876, \$6,239, and \$4,340, 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 eligible employees and retired employees. The plan is a single employer plan and is funded by a combination of contributions from the Parish and the retirees. No separate audited postemployment benefit plan report is available for this plan.

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

Contribution Rates

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

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(12) Post Employment Benefits (continued)

Fund Policy

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

In 2013, the Parish Government's portion of health care funding cost for retired employees totaled \$1,027,316. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the next page.

Annual Required Contribution

The Parish Government's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the postemployment benefits. The total ARC for the fiscal year beginning January 1, 2013 is \$1,261,874 as set forth below:

	<u>Medical</u>
Normal cost	\$ 107,764
30 year UAL amortization amount	1,099,771
Interest adjusted to year end	<u>54,339</u>
Annual required contribution (ARC)	<u>\$ 1,261,874</u>

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(12) Post Employment Benefits (continued)

Net Post-Employment Benefit Obligation

The table below shows the Parish Government's net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2013:

	<u>Medical</u>
Beginning net OPEB Obligation January 1, 2013	\$ <u>1,562,519</u>
Annual required contribution	1,261,874
Interest on net OPEB Obligation	70,313
ARC adjustment	<u>(67,973)</u>
OPEB cost	1,264,214
Contribution	-
Current year retiree premium	<u>(1,027,316)</u>
Change in net OPEB Obligation	<u>236,898</u>
Ending net OPEB Obligation December 31, 2013	\$ <u><u>1,799,417</u></u>

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

<u>Post Employment Benefit</u>	<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
Medical/Life	12/31/2011	\$ 1,101,240	84.90%	\$ 1,312,348
Medical/Life	12/31/2012	\$ 1,261,271	80.17%	\$ 1,562,519
Medical/Life	12/31/2013	\$ 1,264,214	81.26%	\$ 1,799,417

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(12) Post Employment Benefits (continued)

Funded Status and Funding Progress

In the fiscal year ending December 31, 2013, the Parish Government made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2013, the end of the fiscal year, the Actuarial Accrued Liability (AAL) was \$25,280,287, which is defined as that portion, as determined by a particular actuarial cost method (St. Bernard Parish Government uses the Projected Unit Credit Cost Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal years 2013, 2012, 2011, the entire actuarial accrued liability of \$25,280,827 was unfunded.

Actuarial Accrued Liability (AAL)	\$ 25,280,827
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actual Accrued Liability (UAAL)	<u>\$ 25,280,827</u>
Funded Ratio (Act. Val. Assets/AAL)	<u>0%</u>
Covered Payroll (active plan members)	<u>\$ 13,617,704</u>
UAAL as a percentage of covered payroll	<u>185.6%</u>

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of event 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.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of event 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.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(12) Post Employment Benefits (continued)

Actuarial Methods and Assumptions (continued)

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

Actuarial Cost Method

The ARC is determined using the Projected Entry Age 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

The Plan was not funded during the year ended December 31, 2013 and has no assets at December 31, 2013. It is anticipated that if contributions are made in future years, 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. Employee turnover of 144.9% of the turnover rate table utilized by the Parish for its 2010 valuation has been used. The adjustment reflects actual Parish turnover rates over the past five years.

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 continues through Medicare to death.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(12) Post Employment Benefits (continued)

Investment Return Assumptions (Discount Rate)

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

Health Care Cost Trend Rate

For 2012 through 2014, the expected increase in medical costs is developed by observation and extrapolation of plan experience. Thereafter, rates developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model and the following model input variables:

Rate of inflation	2.50%
Rate of Growth in real Income/GDP per Capita	1.70%
Income Multiplier for Health Spending	1.4
Extra Trend due to Technology and other factors	1.10%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2075

The 2013 trend assumptions are based on the renewal premium quotes. Medicare Part B trend is the lesser of 5% and the medical trend. Dental trend is 2% less than medical trend.

Mortality Rate

The RP-2000 Health Annuitant tables (RP-2000), set back one year to project mortality improvement, were used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits

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

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(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. The following table represents the amounts recorded in the financial statements as of and for the year ended December 31, 2013.

	<u>Balance</u> <u>12/31/2012</u>	<u>New Claims</u> <u>and Changes</u> <u>in Estimates</u>	<u>Benefits/</u> <u>Losses</u> <u>Paid</u>	<u>Balance</u> <u>12/31/2013</u>
<u>Governmental Activities:</u>				
Automobile/General Liability	\$ 2,292,823	\$ 557,267	\$ (40,602)	\$ 2,809,488
Workers Compensation	<u>1,318,985</u>	<u>511,182</u>	<u>(518,635)</u>	<u>1,311,532</u>
Total Governmental Activities	<u>\$ 3,611,808</u>	<u>\$ 1,068,449</u>	<u>\$ (559,237)</u>	<u>\$ 4,121,020</u>
<u>Business-type Activities:</u>				
Automobile/General Liability	\$ 131,908	\$ 159,942	\$ (2,962)	\$ 288,888
Workers Compensation	<u>427,542</u>	<u>(57,178)</u>	<u>(71,778)</u>	<u>298,586</u>
Total Business-type Activities	<u>\$ 559,450</u>	<u>\$ 102,764</u>	<u>\$ (74,740)</u>	<u>\$ 587,474</u>

(14) Criminal Court Fund

Louisiana Revised Statutes, at LSA-R.S. 15:571.11 require 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, 2013; however, \$138,907 was transferred to the General Fund subsequent to the year then ended.

(15) Commitments and Contingencies

Grant Programs

The Parish participates in a number of state and federal grant programs which are governed by various rules, regulations, and compliance requirements. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore to the extent that the Parish has not complied with the respective rules, regulations, and compliance requirements governing the grants, refunds of any funds received and the collectability of any related receivable as of December 31, 2013 may be impaired.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(15) Commitments and Contingencies (continued)

Grant Programs (continued)

In August 2005, the Parish suffered significant damage from Hurricanes Katrina and Rita. The Parish recovered damages from Katrina and Rita from the Federal Emergency Management Agency (FEMA). The audits of these funds and claims recovered from FEMA are still subject to final audit and close out of the respective projects. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Parish. These amounts are uncertain as of the report date and therefore no amounts are recorded in the financial statements.

Construction Contracts

The Parish had several construction contracts in progress during the year ended December 31, 2013.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Total amount of contracts	\$ 203,855,376	\$ 134,593,624
Completed to date	<u>(52,109,903)</u>	<u>(33,813,042)</u>
Outstanding contracts	<u>\$ 151,745,473</u>	<u>\$ 100,780,582</u>

Water and Sewer

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

As of December 31, 2013, 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.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(15) Commitments and Contingencies (continued)

Water and Sewer (continued)

The Parish 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.

Other Matters

The Louisiana Legislative Auditor's office is currently performing procedures relative to the Parish. As of the report date, the procedures are not completed. The effect, if any, on the financial statements is not known.

(16) 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 \$4,121,020 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 \$587,474 have been accrued in the Water and Sewer Internal Service Fund. The Parish is subject to several other lawsuits arising in the normal course of business which are adequately covered by insurance where a range of loss cannot be reasonably determined. These "reasonably possible" loss contingencies are not reflected in these financial statements.

The Parish has had litigation with the U.S. Department of Justice regarding the Fair Housing Act. The lawsuit was settled in May 2013. Additional lawsuits exist and are on appeal between the Parish and other organizations relating to compliance with Fair Housing regulations. The Parish and the Parish's attorney believe any amounts awarded by the Court would be covered by the Parish's insurance.

The Parish has been named as defendant in lawsuits alleging damage to properties adjoining levees following Hurricane Katrina in 2005. The Parish and the Parish's attorney believe any compensation ordered by the Court would ultimately be paid by the U.S. Army Corp of Engineers.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(17) Deficit Fund Balances

The following funds have deficit fund balances at December 31, 2013.

<u>Fund Description</u>	<u>Fund Balance (deficit)</u>
CDBG Disaster Fund	\$ (2,626,737)
Disaster Recovery Fund	(2,774,215)
Workforce Investment Act	(31,001)
Deputy Witness Fee	(67,291)
Versailles Industrial Park Sinking Fund	(24,477)
Internal Service Fund - Self Insurance	(1,255,158)

At December 31, 2013, the CDBG Disaster Fund and the Disaster Recovery Fund (FEMA) had deficit fund balances. The deficit fund balance in the CDBG Disaster Fund results primarily from expenditures incurred for which the related revenue is deferred at December 31, 2013. The deficit fund balance in the Disaster Recovery Fund results primarily from expenditures incurred which the related revenue has not been recognized or is deferred at December 31, 2013. The Parish is currently working on obtaining increased funding from CDBG and FEMA. The deficit fund balances described above will be funded through the general fund or through future revenues of the Parish.

(18) Note Receivable

At December 31, 2013, the Parish has an outstanding note receivable of \$600,000 plus accrued interest of \$144,000 due from the St. Bernard Hospital Service District. The note was issued on January 13, 2009, has an interest rate of 6%, and matures on January 1, 2019.

(19) New Pronouncements

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* in June 2012. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

ST. BERNARD PARISH GOVERNMENT

Notes to Basic Financial Statements

December 31, 2013

(19) New Pronouncements (continued)

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

Management of the Parish is currently assessing the impact of these new pronouncements on the financial statements.

(20) Subsequent Events

The Parish has evaluated subsequent events through July 10, 2014 the date the financial statements were available to be issued and noted the following items requiring disclosure.

In April 2014 the Parish issued Limited Tax Certificates of Indebtedness, Series 2014, in the amount of \$2,200,000 to be paid over a 10 year period, due April 2024, for the purpose of acquiring, constructing and improving fire protection facilities and purchasing fire trucks and other fire fighting equipment in the Parish.

In May 2014, the State of Louisiana Bond Commission approved the Parish's issuance of Certificates of Indebtedness not exceeding \$7,800,000. On July 1, 2014, the Parish issued Certificates of Indebtedness in the amount of \$2,160,000 to be repaid in February 2015. The remainder of the Certificates will be issued as deemed necessary by the Parish in the future.

REQUIRED SUPPLEMENTARY INFORMATION

ST. BERNARD PARISH GOVERNMENT

General Fund
Budget Comparison Schedule (GAAP Basis)

For the year ended December 31, 2013

	Initial Budget	Final Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES				
Taxes				
Ad valorem	\$ 1,008,250	\$ 954,250	\$ 931,460	\$ (22,790)
Sales and use	9,860,000	12,000,000	11,883,558	(116,442)
Other taxes, penalties, interest, etc.	999,000	1,097,500	1,076,092	(21,408)
Licenses and permits	1,185,500	1,202,850	1,206,237	3,387
Intergovernmental				
Federal grants	674,950	7,370,432	2,909,087	(4,461,345)
State funds				
State revenue sharing (net)	158,150	800,000	6,838	(793,162)
Other	-	-	28,738	28,738
Fees, charges, and commissions for services	1,356,500	1,177,800	1,226,969	49,169
Use of money and property	-	-	830	830
Other	341,200	521,600	623,566	101,966
Total revenues	15,583,550	25,124,432	19,893,375	(5,231,057)
EXPENDITURES				
Other general government	11,557,000	15,289,975	14,114,750	1,175,225
Capital outlay	2,500	-	827,585	(827,585)
Total expenditures	11,559,500	15,289,975	14,942,335	347,640
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,024,050	9,834,457	4,951,040	(4,883,417)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	864,150	864,150	5,230,831	4,366,681
Operating transfers out	(4,888,200)	(6,498,233)	(10,622,822)	(4,124,589)
Proceeds from issuance of debt	-	3,150,000	-	(3,150,000)
Total other financing sources (uses)	(4,024,050)	(2,484,083)	(5,391,991)	(2,907,908)
NET CHANGE IN FUND BALANCE	\$ -	\$ 7,350,374	(440,951)	\$ (7,791,325)
FUND BALANCE:				
BEGINNING OF YEAR			<u>3,053,592</u>	
END OF YEAR			<u>\$ 2,612,641</u>	

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT**CDBG Disaster Fund
Budget Comparison Schedule (GAAP Basis)**

For the year ended December 31, 2013

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental				
Federal grants	\$ 18,900,000	\$ 7,200,000	\$ 9,918,447	\$ 2,718,447
Other	-	11,000	42	(10,958)
Total revenues	<u>18,900,000</u>	<u>7,211,000</u>	<u>9,918,489</u>	<u>2,707,489</u>
EXPENDITURES				
Other general government	250,000	867,450	1,737,543	(870,093)
Capital outlay	<u>6,650,000</u>	<u>6,650,000</u>	<u>8,870,571</u>	<u>(2,220,571)</u>
Total expenditures	<u>6,900,000</u>	<u>7,517,450</u>	<u>10,608,114</u>	<u>(3,090,664)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>12,000,000</u>	<u>(306,450)</u>	<u>(689,625)</u>	<u>(383,175)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(12,000,000)</u>	-	<u>(136)</u>	<u>(136)</u>
Total other financing sources (uses)	<u>(12,000,000)</u>	-	<u>(136)</u>	<u>(136)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (306,450)</u>	<u>(689,761)</u>	<u>\$ (383,311)</u>
FUND BALANCE:				
BEGINNING OF YEAR			<u>(1,936,976)</u>	
END OF YEAR			<u>\$ (2,626,737)</u>	

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT**Disaster Recovery Fund
Budget Comparison Schedule (GAAP Basis)**

For the year ended December 31, 2013

	Initial Budget	Final Budget	Actual on Budgetary Basis	Variance - Favorable (Unfavorable)
REVENUES				
Intergovernmental				
Federal grants	\$ 42,531,900	\$ 28,925,000	\$ 50,336,132	\$ 21,411,132
Other	-	-	1,337	1,337
Total revenues	<u>42,531,900</u>	<u>28,925,000</u>	<u>50,337,469</u>	<u>21,412,469</u>
EXPENDITURES				
Other general government	9,096,000	7,734,850	6,069,250	1,665,600
Capital outlay	33,224,300	20,826,750	7,301,382	13,525,368
Total expenditures	<u>42,320,300</u>	<u>28,561,600</u>	<u>13,370,632</u>	<u>15,190,968</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>211,600</u>	<u>363,400</u>	<u>36,966,837</u>	<u>36,603,437</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	292,252	292,252
Operating transfers out	(355,500)	(355,500)	(14,825,304)	(14,469,804)
Total other financing sources (uses)	<u>(355,500)</u>	<u>(355,500)</u>	<u>(14,533,052)</u>	<u>(14,177,552)</u>
NET CHANGE IN FUND BALANCE*	<u>\$ (143,900)</u>	<u>\$ 7,900</u>	<u>22,433,785</u>	<u>\$ 22,425,885</u>
FUND BALANCE:				
BEGINNING OF YEAR			<u>(25,208,000)</u>	
END OF YEAR			<u>\$ (2,774,215)</u>	

* The net change in fund balance was included in the budget as an appropriation (i.e., spenddown) of fund balance.

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT

Schedule of Funding Progress
Required Supplementary Information Under GASB Statement No. 45

For the year ended December 31, 2013

<u>Fiscal Year Ended August 31</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded AAL as a Percentage of Payroll</u>
2011	1/1/2011	-	13,875,925	13,875,925	0.0%	10,537,108	131.7%
2012	1/1/2012	-	25,280,827	25,280,827	0.0%	13,617,704	185.6%
2013	1/1/2013	-	25,280,827	25,280,827	0.0%	13,617,704	185.6%

See accompanying independent auditors' report.

OTHER SUPPLEMENTAL INFORMATION

ST. BERNARD PARISH GOVERNMENT
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

December 31, 2013

Special Revenue Funds

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

Criminal Court Fund

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

Consolidated Fire Protection District No. 1-2 Fund

This fund is used to account for the maintenance and operations of the fire protection facilities. Revenues are derived from ad valorem taxes, state revenue sharing, and 2% of the State of Louisiana distribution of fire insurance premium taxes.

Council on Aging Fund

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

Recreation Fund

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

Public Works Fund

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

Road Lighting District No. 1 Fund

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

Workforce Investment Act Fund

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

ST. BERNARD PARISH GOVERNMENT
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

December 31, 2013

Special Revenue Funds (continued)

Health Fund

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

Communications Fund

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

Housing and Redevelopment Fund

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

Urban Mass Transportation Administration Fund

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

Garbage District #1 Fund

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

Deputy Witness Fee Fund

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

Hazard Mitigation Fund

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

ST. BERNARD PARISH GOVERNMENT
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

December 31, 2013

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.

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 furnishing 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.

2012 Sales Tax Refunding Fund

This fund is used to accumulate monies for the payment of bonds dated July 17, 2012, which were issued in part to refund the 2003 Sales Tax Refunding Bonds and 2004 Sales Tax Bonds. 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.

ST. BERNARD PARISH GOVERNMENT
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS

December 31, 2013

Capital Projects Funds

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

Urban System Roadway Reconstruction Fund

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

Hurricane Reconstruction Fund

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

Courthouse Capital Fund

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

2003 Sales Tax Bond Fund

This fund is used to account for costs of construction for concrete street repairs, a new animal shelter, and other various improvements.

1990 General Obligation Bond Fund

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

Rebuild St. Bernard Fund

This fund is used to account for funds received to rebuild the Parish after Hurricane Katrina.

ST. BERNARD PARISH GOVERNMENT
Non-major Governmental Funds - Combining Balance Sheet
December 31, 2013

Schedule 3

	Special Revenue Funds										
	Criminal Court	Consolidated Fire Protection District No. 1-2	Council on Aging	Recreation Department	Public Works	Road Lighting District No. 1	Workforce Investment Act	Health	Communications	Housing and Redevelopment	Urban Mass Transportation Administration
ASSETS											
Cash and cash equivalents	\$ 543,859	\$ 2,487,485	\$ 86,847	\$ 623,717	\$ 551,359	\$ (2,382)	\$ 64,754	\$ 624,336	\$ 383,668	\$ 2,216,351	\$ 1,930,591
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):											
Sales taxes	-	-	-	-	-	-	-	-	-	-	-
Ad valorem taxes	-	8,199,068	305,221	634,660	892,033	355,004	-	181,333	-	-	-
Intergovernmental	-	473,098	-	5,964	57,077	-	-	-	-	152,271	398,360
Other	15,653	-	-	770,311	283,928	-	-	-	-	-	-
Due from other funds	-	-	-	-	294,080	-	-	-	6,582	1,396	-
Prepays	-	21,284	2,695	53,727	27,687	-	-	-	2,651	2,166	2,303
Total assets	\$ 559,512	\$ 11,180,933	\$ 394,763	\$ 2,090,379	\$ 2,106,164	\$ 352,622	\$ 64,754	\$ 805,669	\$ 392,901	\$ 2,372,384	\$ 2,331,456
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 36,549	\$ 477,520	\$ 806	\$ 211,196	\$ 640,438	\$ 68,219	\$ 8,741	\$ 5,948	\$ 4,473	\$ 40,344	\$ 180,428
Retainage payable	-	-	-	-	59,555	-	-	-	-	-	27,410
Salaries and payroll deductions payable	-	426,530	-	63,571	229,075	-	3,059	-	-	57,025	30,372
Short-term certificates of indebtedness	-	6,208,000	-	-	-	-	-	-	-	-	-
Due to other funds	384,056	2,049,307	-	3,778	1,122,341	275,538	83,953	-	-	7,892	-
Total liabilities	420,605	9,159,757	806	278,543	2,084,409	343,837	95,753	5,948	4,473	103,261	238,210
DEFERRED INFLOWS	-	194,536	8,025	577,495	21,755	8,763	-	4,421	-	-	-
FUND BALANCES											
Nonspendable amounts:											
Prepaid items	-	21,284	2,695	53,727	27,687	-	-	-	2,651	2,166	2,303
Restricted for:											
Debt service	-	-	-	-	-	-	-	-	-	-	-
Federal programs	-	-	-	-	-	-	(31,001)	-	-	2,264,957	2,090,741
Council on aging	-	-	383,237	-	-	-	-	-	-	-	-
Road lighting	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	795,290	-	-	-	-
Communications	-	-	-	-	-	-	-	385,777	-	-	-
Public safety	-	1,805,358	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Committed to:											
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Assigned to:											
Court operations	138,907	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	1,180,614	-	-	-	-	-	-	-
Recovery	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(27,687)	-	-	-	-	-	-
Total fund balances	138,907	1,826,642	383,932	1,234,341	-	-	(31,001)	795,290	388,428	2,267,123	2,093,246
Total liabilities, deferred inflows, and fund balances	\$ 559,512	\$ 11,180,933	\$ 394,763	\$ 2,090,379	\$ 2,106,164	\$ 352,622	\$ 64,754	\$ 805,669	\$ 392,901	\$ 2,372,384	\$ 2,331,456

See accompanying independent auditor's report.

ST. BERNARD PARISH GOVERNMENT
Non-major Governmental Funds - Combining Balance Sheet
December 31, 2013

Schedule 5
(continued)

	Special Revenue Funds (continued)				Debt Service Funds					Urban System Roadway	
	Orange District No. 1	Deputy Witness Fee	Hazard Mitigation	Total	Vermilion Industrial Park Sinking	Bond Reserve 1996	2003 Sales Tax Refunding	1990 and 1997 GO Bonds	2012 Sales Tax Refunding		Total
ASSETS											
Cash and cash equivalents	\$ 980,516	\$ 11,333	\$ 2,375,678	\$ 12,680,114	\$ 421	\$ 929	\$ -	\$ 392,187	\$ 863,583	\$ 1,237,122	\$ 889,024
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):											
Sales taxes	576,530	-	-	576,530	-	-	-	-	-	-	-
Ad valorem taxes	892,033	-	-	11,459,352	-	-	-	-	-	-	-
Intergovernmental	-	-	619	1,087,389	-	-	-	-	-	-	-
Other	4	4,120	-	1,074,016	-	-	-	-	-	-	-
Due from other funds	-	-	-	302,258	-	-	-	-	-	-	-
Prepays	1,029	-	-	113,744	-	-	-	-	-	-	-
Total assets	\$ 2,450,112	\$ 15,453	\$ 2,376,297	\$ 27,493,403	\$ 421	\$ 929	\$ -	\$ 392,187	\$ 863,583	\$ 1,237,122	\$ 889,024
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 736,598	\$ 27,974	\$ 939,028	\$ 3,378,763	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ratelage payable	-	-	70,400	190,365	-	-	-	-	-	-	13,634
Salaries and payroll deductions payable	12,261	-	17,343	839,236	-	-	-	-	-	-	-
Short-term certificates of indebtedness	-	-	-	6,204,000	-	-	-	-	-	-	-
Due to other funds	1,678,469	54,772	178,715	5,838,821	24,898	-	-	-	-	24,898	-
Total liabilities	2,427,328	82,746	1,205,486	16,453,184	24,898	-	-	-	-	24,898	13,634
DEFERRED INFLOWS	21,755	-	1,170,811	2,007,573	-	-	-	-	-	-	-
FUND BALANCES											
Nonspendable amounts:											
Prepaid items	1,029	-	-	113,744	-	-	-	-	-	-	-
Restricted for:											
Debt service	-	-	-	-	(24,477)	929	-	392,187	863,583	1,237,224	-
Federal programs	-	-	-	4,324,697	-	-	-	-	-	-	-
Council on aging	-	-	-	383,237	-	-	-	-	-	-	-
Road lighting	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	795,290	-	-	-	-	-	-	-
Communications	-	-	-	385,777	-	-	-	-	-	-	-
Public safety	-	-	-	1,805,558	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Committed to:											
Capital outlay	-	-	-	-	-	-	-	-	-	-	875,390
Assigned to:											
Court operations	-	-	-	138,907	-	-	-	-	-	-	-
Recreation	-	-	-	1,180,614	-	-	-	-	-	-	-
Recovery	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(67,291)	-	(94,978)	-	-	-	-	-	-	-
Total fund balances	1,029	(67,291)	-	9,032,646	(24,477)	929	-	392,187	863,583	1,237,224	875,390
Total liabilities, deferred inflows, and fund balances	\$ 2,450,112	\$ 15,453	\$ 2,376,297	\$ 27,493,403	\$ 421	\$ 929	\$ -	\$ 392,187	\$ 863,583	\$ 1,237,122	\$ 889,024

See accompanying independent auditor's report.

ST. BERNARD PARISH GOVERNMENT
Non-major Governmental Funds - Combining Balance Sheet
December 31, 2013

Schedule 5
(continued)

	Capital Projects Funds					Total	Total Non-Major Governmental Funds
	Harrison Reconstruction	Courthouse Capital	2003 Sales Tax Bonds	1990 General Obligation Bond	Rebuild St. Bernard		
ASSETS							
Cash and cash equivalents	\$ 3,382,709	\$ 787,346	\$ 452,609	\$ 229	\$ 40,293	\$ 4,663,286	\$ 19,689,446
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Sales taxes	-	-	-	-	-	-	576,530
Ad valorem taxes	-	-	-	-	-	-	11,459,332
Intergovernmental	-	-	-	-	-	-	1,087,389
Other	225,000	-	-	-	-	225,000	1,299,016
Due from other funds	3,423,433	100,000	-	-	-	3,523,433	3,423,691
Prepays	-	-	-	-	-	-	113,744
Total assets	\$ 7,031,142	\$ 887,346	\$ 452,609	\$ 229	\$ 40,293	\$ 8,413,619	\$ 38,051,168
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 41,359	\$ -	\$ -	\$ -	\$ -	\$ 41,359	\$ 3,420,121
Retainage payable	17,813	-	-	-	-	31,447	221,812
Salaries and payroll deductions payable	-	-	-	-	-	-	839,236
Short-term certificates of indebtedness	-	-	-	-	-	-	6,204,000
Due to other funds	1,193,866	-	-	-	-	1,193,866	7,057,585
Total liabilities	1,253,038	-	-	-	-	1,253,038	17,744,754
DEFERRED INFLOWS							2,007,573
FUND BALANCES							
Nonspendable amounts:							
Prepaid items	-	-	-	-	-	-	113,744
Restricted for:							
Debt service	-	-	-	-	-	-	1,232,224
Federal programs	-	-	-	-	-	-	4,324,697
Council on aging	-	-	-	-	-	-	383,237
Road lighting	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	793,200
Communications	-	-	-	-	-	-	343,777
Public safety	-	-	-	-	-	-	1,803,358
Capital outlay	-	-	452,609	-	-	452,609	452,609
Committed to:							
Capital outlay	-	887,346	-	-	40,293	1,803,029	1,803,029
Assigned to:							
Court operations	-	-	-	-	-	-	138,907
Recreation	-	-	-	-	-	-	1,180,614
Recovery	5,778,104	-	-	-	-	5,778,104	5,778,104
Unassigned	-	-	-	229	-	229	(94,749)
Total fund balances	5,778,104	887,346	452,609	229	40,293	8,033,971	18,298,841
Total liabilities, deferred inflows, and fund balances	\$ 7,031,142	\$ 887,346	\$ 452,609	\$ 229	\$ 40,293	\$ 8,413,619	\$ 38,051,168

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT

**Non-major Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
December 31, 2013**

Schedule 6
(continued)

	Special Revenue Funds										
	Criminal Court	Consolidated Fire Protection District No. 1-3	Council on Aging	Recreation Department	Public Works	Road Lighting District No. 1	Wardrobe Investment Act	Health	Communications	Housing and Redevelopment	Urban Mass Transportation Administration
REVENUES											
Taxes											
Ad valorem	\$ -	\$ 8,409,284	\$ 303,023	\$ 683,055	\$ 960,080	\$ 382,039	\$ -	\$ 195,182	\$ -	\$ -	\$ -
Sales and Use	-	-	-	-	-	-	-	-	-	-	-
Other taxes, penalties, interest, etc.	-	4,285	66	576	810	323	-	166	378,840	69	-
Licenses and permits	-	22,050	-	-	15,120	-	-	-	-	-	-
Intergovernmental											
Federal grants	-	1,744,809	-	-	20,671	-	2,472,749	-	-	5,647,919	1,179,962
State funds											
Parish transportation funds	-	-	-	-	-	-	-	-	-	-	-
State revenue sharing (net)	-	7,097	-	5,392	7,585	3,026	-	1,545	-	-	-
Other	-	163,643	-	247,500	1,733,800	-	-	-	-	-	82,531
Fees, charges, and commissions for services	-	13,430	-	2,154,309	88,115	-	-	-	-	-	21,753
Fines and forfeitures	181,524	-	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-	-	-
Public grants	-	-	-	-	-	-	-	-	-	-	-
Other	41,291	81,536	-	17,826	29,466	-	-	-	300	189,119	2,436
Total revenues	222,815	10,466,434	303,023	3,110,658	2,855,647	385,388	2,472,749	196,893	379,340	5,837,107	1,286,682
EXPENDITURES											
General government											
Judicial	-	-	-	-	-	-	-	-	-	-	-
Other general government	52,852	-	-	-	-	-	2,451,719	-	-	-	348,931
Public safety	-	9,432,790	-	-	-	-	-	-	283,808	-	-
Public works	-	-	-	-	3,732,259	775,197	-	-	-	-	-
Culture and recreation	-	-	-	1,913,604	-	-	-	-	-	-	-
Health and welfare	-	-	403,133	-	-	-	-	60,806	-	6,161,678	-
Debt service											
Principals	-	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	12,297	227,002	-	1,957,655	250,875	-	-	-	2,553	2,380	451,124
Total expenditures	65,149	9,659,792	403,133	3,871,259	3,983,134	775,197	2,451,719	60,806	288,361	6,164,258	1,000,055
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	157,666	826,642	(100,044)	(760,601)	(1,127,487)	(389,809)	21,030	136,087	90,979	(327,151)	286,627
OTHER FINANCING SOURCES (USES)											
Operating transfers in	-	1,428,844	-	197,298	1,462,162	361,334	-	-	-	-	-
Operating transfers out	(163,907)	-	-	-	(612)	-	-	-	-	-	-
Total other financing sources (uses)	(163,907)	1,428,844	-	197,298	1,461,550	361,334	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(6,241)	2,255,486	(100,044)	(563,303)	334,073	(28,475)	21,030	136,087	90,979	(327,151)	286,627
FUND BALANCES - BEGINNING OF YEAR	145,148	(428,844)	485,976	1,797,644	(334,073)	28,475	(32,031)	659,203	297,449	2,594,274	1,806,619
FUND BALANCES - END OF YEAR	\$ 138,907	\$ 1,826,642	\$ 385,932	\$ 1,234,341	\$ -	\$ -	\$ (11,001)	\$ 795,290	\$ 388,428	\$ 2,267,123	\$ 2,093,246

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT

**Non-major Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
December 31, 2013**

Schedule 6
(continued)

	Garbage District No. 1	Deputy Witness Fee	Hazard Mitigation	Total	Debt Service Funds					Urban System Roadway
					Vermillion Industrial Park Slabbing	Bond Reserve 1996	2000 Sales Tax Refunding	1990 and 1997 GO Bonds	2012 Sales Tax Refunding	
REVENUES										
Trans										
Ad valorem	\$ 960,006	\$ -	\$ -	\$ 11,892,969	\$ -	\$ -	\$ -	\$ 72	\$ -	\$ 72
Sales and Use	3,961,186	-	-	3,961,186	-	-	-	-	-	-
Other taxes, penalties, interest, etc.	828	-	-	385,963	-	-	-	4	-	4
Licenses and permits	-	-	-	37,170	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Federal grants	-	-	3,038,464	14,124,574	-	-	-	-	-	-
State funds	-	-	-	-	-	-	-	-	-	-
Parish transportation funds	-	-	-	-	-	-	-	-	-	-
State pavement sharing (net)	7,583	-	-	32,230	-	-	-	-	-	-
Other	-	-	-	2,227,474	-	-	-	-	-	-
Fees, charges, and commissions for services	-	49,271	-	2,328,878	-	-	-	-	-	-
Fines and forfeitures	-	-	-	181,524	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-	-
Public grants	-	-	-	-	-	-	-	-	-	-
Other	-	-	0	362,174	-	-	-	-	-	-
Total revenues	4,929,605	49,271	3,038,464	35,534,142	-	-	-	76	-	76
EXPENDITURES										
General government										
Judicial	-	88,773	-	88,775	-	-	-	-	-	-
Other general government	-	-	830,353	3,904,855	-	-	-	-	-	17,563
Public safety	-	-	-	9,718,398	-	-	-	-	-	-
Public works	4,682,338	-	-	9,189,794	-	-	-	-	-	-
Culture and recreation	-	-	-	1,913,604	-	-	-	-	-	-
Health and welfare	-	-	-	6,625,617	-	-	-	-	-	-
Debt service										
Principal	-	-	-	-	-	280,000	-	-	-	280,000
Interest and fiscal charges	-	-	-	-	-	5,716	-	1,316,850	-	1,322,566
Capital outlay	20,600	-	2,184,561	5,091,247	-	-	-	-	-	-
Total expenditures	4,702,938	88,773	3,037,114	36,531,690	-	-	285,716	1,316,850	1,602,566	17,563
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	226,667	(39,504)	1,350	(997,548)	-	-	(285,716)	76	(1,316,850)	(1,602,490)
OTHER FINANCING SOURCES (USES)										
Operating transfers in	905,974	25,000	-	4,380,612	-	-	1,983	-	1,708,401	1,710,384
Operating transfers out	-	-	(1,350)	(163,859)	-	-	-	-	(254)	(254)
Total other financing sources (uses)	905,974	25,000	(1,350)	4,216,753	-	-	1,983	-	1,708,147	1,710,130
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,132,641	(14,504)	-	3,217,205	-	-	(283,733)	76	391,297	107,640
FUND BALANCES - BEGINNING OF YEAR	(1,131,612)	(52,787)	-	5,815,441	(24,477)	929	283,733	392,111	472,288	1,124,384
FUND BALANCES - END OF YEAR	\$ 1,029	\$ (67,291)	\$ -	\$ 9,032,646	\$ (24,477)	\$ 929	\$ -	\$ 392,187	\$ 863,585	\$ 1,232,224

* See accompanying independent auditor's report.

ST. BERNARD PARISH GOVERNMENT

**Non-major Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
December 31, 2013**

Schedule 6
(continued)

	Capital Projects Funds					Total	Total Non-Major Governmental Funds
	Hurricane Reconstruction	Coastal Capital	2003 Sales Tax Bonds	1990 General Obligation Bond	Rebuild St. Bernard		
REVENUES							
Taxes							
Ad valorem	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,892,041
Sales and Use	-	-	-	-	-	-	3,961,285
Other taxes, penalties, interest, etc.	-	-	-	-	5	58	386,023
Licenses and permits	-	-	-	-	-	-	37,170
Intergovernmental							
Federal grants	-	-	-	-	-	-	14,124,374
State funds	-	-	-	-	-	-	-
Parish transportation funds	-	-	-	-	-	-	-
State revenue sharing (net)	-	-	-	-	-	-	32,230
Other	-	-	-	-	-	-	2,227,474
Fees, charges, and commissions for services	-	-	-	-	-	-	2,228,878
Fines and forfeitures	-	-	-	-	-	-	181,524
Use of money and property	-	-	-	-	-	-	-
Public grants	-	-	-	-	-	-	-
Other	-	-	1,321	-	-	1,321	363,493
Total revenues			1,321		5	1,329	35,335,597
EXPENDITURES							
General government							
Judicial	-	-	-	-	-	-	88,775
Other general government	-	-	-	-	-	17,563	3,921,418
Public safety	-	-	-	-	-	-	9,718,398
Public works	-	-	-	-	-	-	9,189,794
Culture and recreation	-	-	-	-	-	-	1,913,604
Health and welfare	-	-	-	-	-	-	6,425,617
Debt service							
Principal	-	-	-	-	-	-	260,000
Interest and fiscal charges	-	-	-	-	-	-	1,322,566
Capital outlay	70,306	120,528	-	-	-	190,834	3,282,081
Total expenditures	70,306	120,528				208,397	38,342,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(70,306)	(120,528)	1,321		5	(207,010)	(2,807,056)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	72,271	-	1,000	77,873	6,168,869
Operating transfers out	(46)	(274,509)	(12,878)	-	-	(287,433)	(452,546)
Total other financing sources (uses)	(46)	(274,509)	59,393		1,000	(209,560)	5,716,323
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(70,352)	(395,037)	60,714		5,005	(416,578)	2,908,267
FUND BALANCES - BEGINNING OF YEAR	5,848,436	1,282,383	391,895	229	35,288	8,450,549	14,390,574
FUND BALANCES - END OF YEAR	\$ 5,778,104	\$ 887,346	\$ 452,609	\$ 229	\$ 40,293	\$ 8,033,971	\$ 18,298,841

See accompanying independent auditor's report.

ST. BERNARD PARISH GOVERNMENT
NON-MAJOR ENTERPRISE FUND DESCRIPTIONS

December 31, 2013

Water District No. 1

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

Water District No. 2

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

Sewer District No. 1

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

Sewer District No. 2

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

ST. BERNARD PARISH GOVERNMENT

Schedule 7

**Non-major Proprietary Funds
Combining Statement of Net Position**

December 31, 2011

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total
ASSETS					
Restricted assets:					
Cash and cash equivalents					
Other debt service accounts	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165
Total current assets	96,977	133,528	11,164	111,496	353,165
PROPERTY, PLANT, AND EQUIPMENT					
Property, plant, and equipment, at cost	-	-	-	-	-
Less: Accumulated depreciation	-	-	-	-	-
Property, plant, and equipment, net	-	-	-	-	-
Total assets	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165
LIABILITIES AND NET POSITION					
LIABILITIES					
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION					
Invested in capital assets, net of related debt					
Restricted for					
Capital renewal and replacement and system improvements	-	-	-	-	-
Debt service	96,977	133,528	11,164	111,496	353,165
Total net position	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165

See accompanying independent auditors report

ST. BERNARD PARISH GOVERNMENT

Non-major Proprietary Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position

For the year ended December 31, 2013

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total
OPERATING REVENUES					
Charges for services:	\$ -	\$ -	\$ -	\$ -	\$ -
Other operating revenues	-	-	-	-	-
Total operating revenues	-	-	-	-	-
OPERATING EXPENSES					
Personal services and related benefits	-	-	-	-	-
Utilities	-	-	-	-	-
Contractual services, supplies, and materials	-	-	-	-	-
Professional services	-	-	-	-	-
Insurance premiums	-	-	-	-	-
Insurance and claims expense	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-
Other expenses	-	-	-	-	-
Total operating expenses	-	-	-	-	-
Operating income (loss)	-	-	-	-	-
NON-OPERATING REVENUES (EXPENSES)					
Sales tax	-	-	-	-	-
Interest earnings:					
Restricted assets	-	-	-	-	-
Current assets	-	-	-	-	-
Interest expense and bank fees	-	-	-	-	-
Federal grants	-	-	-	-	-
Other nonoperating revenues	-	-	-	-	-
Deductions from taxes	-	-	-	-	-
Total non-operating revenues (expenses)	-	-	-	-	-
CHANGES IN NET POSITION BEFORE TRANSFERS					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
CHANGES IN NET POSITION					
NET POSITION:					
BEGINNING OF YEAR	96,977	133,528	11,164	111,496	353,165
END OF YEAR	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165

See accompanying independent auditors report

ST. BERNARD PARISH GOVERNMENT

Schedule 9

Non-major Proprietary Funds
 Combine Statement of Cash Flows

For the year ended December 31, 2013

	Water District No. 1	Water District No. 2	Sewerage District No. 1	Sewerage District No. 2	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ -	\$ -	\$ -	\$ -	\$ -
Cash paid to suppliers of goods or services	-	-	-	-	-
Cash paid to employees	-	-	-	-	-
Net cash provided by operating activities	-	-	-	-	-
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Net payments to other funds	-	-	-	-	-
Net cash provided by non-capital financing activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital grants	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-
Net cash used in capital and related financing activities	-	-	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	-	-	-	-	-
Interest received	-	-	-	-	-
Net cash provided by capital and related financing activities	-	-	-	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS					
CASH AND CASH EQUIVALENTS:					
BEGINNING OF YEAR	96,977	133,528	11,164	111,496	353,165
END OF YEAR	\$ 96,977	\$ 133,528	\$ 11,164	\$ 111,496	\$ 353,165
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:					
Operating loss	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments to reconcile operating loss to net cash used in operating activities:					
Depreciation	-	-	-	-	-
Decrease in accounts receivable	-	-	-	-	-
Decrease in accounts payable and accrued expenses	-	-	-	-	-
Decrease in customer deposits	-	-	-	-	-
Net cash provided by operating activities	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

ST. BERNARD PARISH GOVERNMENT
INTERNAL SERVICE FUND DESCRIPTIONS

December 31, 2013

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**Internal Service Funds
Combining Statement of Net Position**

December 31, 2013

	Self Insurance	Water and Sewer Self Insurance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,070,449	\$ 532,445	\$ 2,602,894
Investments	864,327	-	864,327
Due from other funds	286,909	820,472	1,107,381
Prepays	4,203	-	4,203
Interest receivable	-	-	-
Total current assets	<u>3,225,888</u>	<u>1,352,917</u>	<u>4,578,805</u>
PROPERTY, PLANT, AND EQUIPMENT			
Property, plant, and equipment, at cost	-	-	-
Less: Accumulated depreciation	-	-	-
Property, plant, and equipment, net	-	-	-
Total assets	<u>\$ 3,225,888</u>	<u>\$ 1,352,917</u>	<u>\$ 4,578,805</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current liabilities:			
Accounts and other payables	\$ 68,902	\$ 183	\$ 69,085
Self insurance claims payable	4,121,020	587,474	4,708,494
Salaries and payroll deductions payable	291,124	-	291,124
Due to other funds	-	261,292	261,292
Total current liabilities	<u>4,481,046</u>	<u>848,949</u>	<u>5,329,995</u>
Total liabilities	<u>4,481,046</u>	<u>848,949</u>	<u>5,329,995</u>
NET POSITION			
Restricted for:			
Self insurance	<u>(1,255,158)</u>	<u>503,968</u>	<u>(751,190)</u>
Total net position	<u>\$ (1,255,158)</u>	<u>\$ 503,968</u>	<u>\$ (751,190)</u>

See accompanying independent auditors report

ST. BERNARD PARISH GOVERNMENT

Internal Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Net Position

For the year ended December 31, 2013

	Self Insurance	Water and Sewer Self Insurance	Total
OPERATING REVENUES			
Charges for services:	\$ 1,054,182	\$ 214,700	\$ 1,268,882
Other operating revenues	-	-	-
Total operating revenues	<u>1,054,182</u>	<u>214,700</u>	<u>1,268,882</u>
OPERATING EXPENSES			
Personal services and related benefits	182,194	-	182,194
Professional services	47,557	2,200	49,757
Insurance premiums	1,168,095	104,228	1,272,323
Other expenses	4,184	-	4,184
Total operating expenses	<u>1,402,030</u>	<u>106,428</u>	<u>1,508,458</u>
Operating income (loss)	<u>(347,848)</u>	<u>108,272</u>	<u>(239,576)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest expense and bank fees	253	-	253
Total non-operating revenues (expenses)	<u>253</u>	<u>-</u>	<u>253</u>
CHANGES IN NET POSITION BEFORE TRANSFERS	(347,595)	108,272	(239,323)
Transfers in	-	-	-
Transfers out	-	-	-
CHANGES IN NET POSITION	(347,595)	108,272	(239,323)
NET POSITION:			
BEGINNING OF YEAR	<u>(907,563)</u>	<u>395,696</u>	<u>(511,867)</u>
END OF YEAR	<u>\$ (1,255,158)</u>	<u>\$ 503,968</u>	<u>\$ (751,190)</u>

See accompanying independent auditors report

ST. BERNARD PARISH GOVERNMENT**Internal Service Funds
Combining Statement of Cash Flows**

For the year ended December 31, 2013

	Self - Insurance	Water and Sewer Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,054,182	\$ 214,700	\$ 1,268,882
Payments for claims	(856,277)	(81,685)	(937,962)
Net cash provided by operating activities	197,905	133,015	330,920
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Net payments to other funds	-	(214,700)	(214,700)
Net cash used in non-capital financing activities	-	(214,700)	(214,700)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	(253)	-	(253)
Interest received	253	-	253
Net cash provided by capital and related financing activities	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	197,905	(81,685)	116,220
CASH AND CASH EQUIVALENTS:			
BEGINNING OF YEAR	1,872,544	614,130	2,486,674
END OF YEAR	\$ 2,070,449	\$ 532,445	\$ 2,602,894
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (347,848)	\$ 108,272	\$ (239,576)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Decrease in prepaid expenses	4,808	-	4,808
Increase in accounts payable and accrued expenses	539,030	24,743	563,773
Increase in salaries payable	1,915	-	1,915
Net cash provided by operating activities	\$ 197,905	\$ 133,015	\$ 330,920

See accompanying independent auditors report

ST. BERNARD PARISH GOVERNMENT**Schedule of Council Members' Compensation****For the year ended December 31, 2013**

<u>Council Member</u>	<u>Amount</u>
George Cavignac, Councilman at Large (West)	\$ 8,400
Guy McInnis, Chairman	7,200
Ray Lauga, Jr., District A	7,200
Nathan J. Gorbaty, District B	7,200
Richard J. Lewis, District C	7,200
Casey Hunnicutt, District D	7,200
Manuel "Monty" Montelongo, District E	7,200
	<u>\$ 51,600</u>

See accompanying independent auditors' report.

ST. BERNARD PARISH GOVERNMENT
SINGLE AUDIT REPORT
DECEMBER 31, 2013



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ST. BERNARD PARISH GOVERNMENT

SINGLE AUDIT REPORT

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

To the St. Bernard Council
Chalmette, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Bernard Parish Government (the Parish), as of and for the year-ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Parish's basic financial statements and have issued our report thereon dated July 10, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2013-1, 2013-2, 2013-3, and 2013-6 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2013-5 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2013-4, 2013-7, 2013-8, and 2013-9.

The Parish's Response to Findings

The Parish's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Parish's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite + Nettewille

Metairie, Louisiana
July 10, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the St. Bernard Council
Chalmette, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the St. Bernard Parish Government (the Parish)'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 the Parish's major federal programs for the year-ended December 31, 2013. The Parish's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Parish's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Parish's compliance.

Basis for Qualified Opinion on Section 8 Housing Choice Voucher Grant

As described in the accompanying schedule of findings and questioned costs, the Parish did not comply with requirements regarding Special Tests and Provisions that are applicable to its Section 8 Housing Choice Voucher Grant as described in finding 2013-7. Compliance with such requirements is necessary, in our opinion, for the Parish to comply with the requirements applicable to that program.

Qualified Opinion on Section 8 Housing Choice Voucher Grant

In our opinion, except for the noncompliance described in the Basis for Unqualified Opinion paragraph, the Parish, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Voucher Grant for the year ended December 31, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Parish, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year-ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2013-8 and 2013-9. Our opinion on each major federal program is not modified with respect to these matters.

The Parish's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Parish's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Parish is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Parish's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the Parish's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a

deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2013-7 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-8 and 2013-9 to be significant deficiencies.

The Parish's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Parish's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Parish, as of and for the year-ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Parish's basic financial statements. We issued our report thereon dated July 10, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Postlethwaite + Nettenwilt

Metairie, Louisiana
July 10, 2014

ST. BERNARD PARISH GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2013

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Homeland Security			
<i>Direct</i>			
FEMA Staffing for Adequate Fire and Emergency Response Grant	97.083	EMW-2012-FH-00677	\$ 1,743,771
<i>Pass - Through Louisiana Military Department Office of Homeland Security and Emergency Preparedness</i>			
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR1603	31,255,148
Disaster Grants - Public Assistance - FEMA	97.036	FEMA-LA-DR4080	900,391
Urban Areas Security Initiative	97.008	2010-SS-T0-0043	26,801
Urban Areas Security Initiative	97.008	EMW-2012-SS-00075-S01	39,023
Emergency Management Performance	97.042	EMW-2012-EP-00042-S01	28,678
State Homeland Security Program	97.073	2010-SS-T0-0043	144,368
State Homeland Security Program	97.067	EMW-2011-SS-00124-S01	26,550
State Homeland Security Program	97.067	EMW-2012-SS-00075-S01	38,586
Hazard Mitigation Grant	97.039	1603C-087-0007	3,038,464
CCP 2010	97.067	2010-SS-T0-0043	6,173
CCP 2011	97.067	EMW-2011-SS-00124-S01	3,002
Total U.S. Department of Homeland Security			<u>37,250,955</u>
U.S. Department of Labor			
<i>Pass - Through Louisiana Department of Labor:</i>			
WIA Adult Program	17.258	703642	344,731
WIA Youth Activities	17.259	703642	263,969
WIA Dislocated Workers -	17.278	703642	370,410
WIA Dislocated Workers - Urban & Rural NEG	17.260	EM-18056-09-06-A-22	674,291
WIA ARRA 10%	17.258, 17.259, 17.278	703642	75,917
WIA Dislocated Workers - Oil Spill	17.277	EM-20647-10-60-A-22	301,640
WIA Dislocated Workers - Hurricane Isaac	17.277	EM-23701-12-60-A-22	392,756
Total U.S. Department of Labor			<u>2,423,714</u>
U.S. Department of Transportation			
<i>Direct</i>			
Federal Transit Formula Grant	20.507		999,546
Total U.S. Department of Transportation			<u>999,546</u>
U.S. Department of Housing and Urban Development			
<i>Direct</i>			
Section 8 Housing Choice Vouchers	14.871		5,655,350
<i>Pass - Through Louisiana Office of Community Development</i>			
Community Development Block Grant/Entitlement Grants	14.218		10,594,799
Total U.S. Department of Housing and Urban Development			<u>16,250,149</u>
U. S. Department of Health & Human Services			
<i>Direct</i>			
Low Income Home Energy Assistance	93.568		215,432
Community Services Block Grant	93.569	2010P0081	105,104
Total U.S. Department of Health & Human Services			<u>320,536</u>
U. S. Department of the Interior			
<i>Direct</i>			
Coastal Impact Assistance Program (CIAP)	15.668	F12AF01463	186,569
Total U.S. Department of the Interior			<u>186,569</u>
Total Expenditures of Federal Awards			<u>\$ 57,431,469</u>

ST. BERNARD PARISH GOVERNMENT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR-ENDED DECEMBER 31, 2013

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of the federal awards of the St. Bernard Parish Government. The Parish's reporting entity is defined in Note 1 to the financial statements for the year-ended December 31, 2013. All federal awards received from federal agencies are included on the schedule.

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Parish's financial statements for the year-ended December 31, 2013.

(3) Relationship to Financial Statements

Federal awards are included in the Statement of Activities of the Parish as operating and capital grant contributions.

(4) Non-Cash Assistance

CDL Loan

As described in Note 8 to the financial statements, the Parish had an outstanding Community Disaster Loan (CFDA No. 97.030) originating in June 2009, payable to the U.S. Department of Homeland Security totaling principal of \$5,000,000 and accrued interest of \$403,510 through December 2013. In December 2013 FEMA approved the cancellation of the Parish's CDL loan, including principal and accrued interest totaling \$5,403,510.

CDBG

During the year ended December 31, 2013, the Parish entered into a cooperative endeavor agreement with the State of Louisiana Office of Community Development and the Louisiana Road Home Corporation d/b/a Louisiana Land Trust (LLT), to transfer all the properties within St. Bernard Parish that were being held by LLT to St. Bernard Parish. Included on the statement of net position at December 31, 2013 is \$5,326,500 in land held for sale representing lots throughout St. Bernard Parish. No depreciation is being recorded on the properties being held for sale. During the year ended December 31, 2013, no properties were sold by the Parish. As the lots are sold, CDBG program income will be recognized in the financial statements of the Parish. The proceeds from sales of the properties are restricted for use for direct management costs of the properties and for recovery related activities in furtherance of the cooperative endeavor agreement and the eligibility requirements under CDBG guidelines.

ST. BERNARD PARISH GOVERNMENT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR-ENDED DECEMBER 31, 2013

(5) Subrecipients

Of the federal expenditures presented in the schedule, the Parish provided CDBG funding of \$609,333 to the St. Bernard Hospital Service District.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(A) Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses: Yes

Noncompliance material to the financial statements: None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses: Yes

Type of auditor's report issued on compliance for major programs: Modified

Any audit findings which are required to be reported in accordance with section 510(a) of OMB Circular A-133: Yes

Identification of major programs:

- Disaster Grants-Public Assistance-FEMA (CFDA No. 97.036)
- Community Development Block Grant-(CDBG) (CFDA No. 14.218)
- Section 8 Housing Choice Vouchers (CFDA No. 14.871)
- Federal Transit Formula Grant (CFDA No. 20.507)
- FEMA Staffing for Adequate Fire and Emergency Response Grant (CFDA No. 97.083)

Dollar threshold used to distinguish between Type A and Type B programs: \$1,722,944

Auditee qualified as a low-risk auditee: No

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

2013-1 Accounting and Financial Reporting

- Criteria:** The Parish should have systems of internal accounting control, which ensure the basic financial statements are presented in accordance with U.S. generally accepted accounting principles on a timely basis.
- Condition:** The Parish does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.
- Context:** During our audit, we noted the Parish performed the reconciliations and analysis of its significant accounts significantly after year-end, and as a result, significant adjustments to the financial statements were made after year-end.
- Cause:** The Parish does not have an appropriate infrastructure and processes to prepare accurate and complete financial statements in a timely manner in accordance with U.S. generally accepted accounting principles.
- Effect:** The Parish recorded material adjustments to its major accounts to ensure the financial statements were presented in accordance with U.S. generally accepted accounting principles.
- Recommendation:** The Parish should evaluate its accounting and financial reporting function. Specifically, the Parish should consider the following:
- Ensure adequate resources (both number and skill set) are dedicated to the accounting and financial reporting function.
 - Develop and implement policies, procedures, and related controls over the preparation of the financial statements, including those presented under full accrual.
 - Assign responsible persons for preparing and reviewing the financial statements.
 - Address the specific accounting matters discussed in the schedule of findings and questioned costs.
 - Bring accounting up-to-date including timely reconciliations to enable the timely preparation of financial statements and appropriate review by the Parish Finance Department.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

2013-1 Accounting and Financial Reporting (continued)

Management

Response:

The Finance Department is continually reviewing and developing closeout procedures, internal control policies and monthly reconciliation policies in an attempt to improve the annual close-out process, the financial statements, and eliminate the audit finding. The Department is in the process devising a written close-out plan and attempting to secure funding to increase staffing. The enhancement of accounting policies, procedures, and written close-out plan will be based upon recommendations of the auditors.

2013-2 Grant Receivable Account Reconciliations

Criteria:

The Parish should have systems of internal accounting control, which provide for preparation of the financial statements in accordance with U.S. generally accepted accounting principles. A receivable subsidiary ledger should be used to formally reconcile and support the grant and other receivable balances.

Condition:

The Parish did not have adequate processes and controls in place to ensure grant receivable accounts were reconciled at year-end.

Context:

Several grant receivable accounts were not reconciled during the year and were adjusted as part of the audit procedures.

Cause:

The Parish does not have an appropriate infrastructure and processes to prepare accurate and complete grant receivable account reconciliations in a timely manner.

Effect:

The Parish recorded significant adjustments to properly reflect grant and other receivable balances after year-end.

Recommendation:

The Parish should implement procedures and controls to ensure grant and other receivable balances are properly reported on a timely basis at year-end and that the general ledger accounts are reconciled on a timely basis throughout the year. The account reconciliations should be reviewed. The review should be documented, and adjustments as necessary should be recorded to the general ledger.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards (continued)

2013-2 Grant Receivable Account Reconciliations (continued)

Management Response:

The Parish has assigned Grant Receivables and reconciliation responsibilities of the major Grant funding sources to outside third party Grant Coordinator Contractors. These Coordinators will further develop accounting procedures that assure proper accounting and reconciliation of grant funding and administration. Smaller grants are maintained by Parish personnel and we are in the process of developing a plan to train such personnel to perform routine reconciliation procedures. The Finance Department has implemented further internal procedures and controls to assure timely and adequate recording and information flow of all grants. Additional staffing is required in order to reconcile on a more timely basis. The policies will be based on the recommendations of the auditors.

2013-3 Accounts Payable

- Criteria:** The Parish should have systems of internal accounting control, which provide for preparation of the financial statements in accordance with U.S. generally accepted accounting principles.
- Condition:** The Parish did not have adequate processes and controls in place to ensure payable accounts were reconciled at year end.
- Context:** Several payable accounts were not reconciled during the year and were adjusted as part of the audit procedures.
- Cause:** The Parish does not have an appropriate infrastructure and processes to prepare accurate and complete payable account reconciliations in a timely manner.
- Effect:** The Parish recorded significant adjustments to properly reflect accounts payable after year-end.
- Recommendation:** The Parish should implement procedures and controls to ensure payable account balances are properly reported on a timely basis at year-end and that the general ledger accounts are reconciled on a timely basis throughout the year. The account reconciliations should be reviewed. The review should be documented, and adjustments as necessary should be recorded to the general ledger.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards (continued)

2013-3 Accounts Payable (continued)

Management

Response:

The Parish does have internal control procedures regarding Accounts Payable accounts including aged payable reports, monthly reconciliations and year end search for unrecorded liabilities. The existing approval process creates inherent delays and needs to be refined. Based on the audit comment, the Finance Department will review all policies and procedures in an attempt to assure all liabilities are properly recorded in a timely manner.

2013-4 Local Government Budget Act

Criteria:

The Parish adopted its 2013 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 or if actual revenues are expected to be significantly less than budgeted amounts.

Condition:

The Parish did not amend its adopted budget for the General Fund, the Consolidated Fire Protection District Number 1 and Number 2, and the CDBG Disaster Fund when its total actual expenditures exceeded the total budgeted expenditures by five percent or more or when the total actual revenues were less than total budgeted revenues by five percent or more.

Context:

Due to significant adjustments recorded to the trial balance subsequent to year-end, the amended budgets approved by the Parish Council were not in compliance with the state requirement.

Cause:

The Parish recorded adjustments to the trial balance subsequent to year-end as part of the audit process.

Effect:

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

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards (continued)

2013-4 Local Government Budget Act (continued)

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.

Management's Response:

The Finance Department does have adequate and proper procedures in their financial system to adhere to the requirements of the LA Budget Act. The Local Budget is being monitored regularly by specific personnel and adjustments are administered as required. Routine testing is performed to determine compliance relating to the 5% margin of error. The CDBG and Disaster recovery budgets were initially adjusted at year end to meet compliance regulations. There were two conditions that substantially contributed to this finding. They were the recording of Revenue Anticipation Loan proceeds as revenue at the fund level and the recording of land donated to the Parish by the Louisiana Land Trust being recorded as revenue at the fund level. Also, contributing to the non-compliance was the amount of year-end adjustments described in the audit finding. The Parish is reviewing accounting procedures and policies to reduce the amount of adjusting entries and increase the accuracy of year end balances. The Finance department continually presents necessary budget amendments to the Parish Council in a timely manner to remain in compliance with the Local Government Budget Act.

2013-5 Misappropriation of Assets

Criteria: The Parish should have systems of internal accounting control, which ensure the safeguarding of the Parish's assets.

Condition: The Parish did not have appropriate policies and procedures in place for the proper recording and monitoring of cash receipts that are not received at the main Parish offices.

Context: During the year ended December 31, 2013, the Parish finance staff identified unusual financial activity that occurred separately within the Parish's transit office and the office of the St. Bernard Civic Center. The Parish reported the activity to the Louisiana Legislative Auditor. The Louisiana Legislative Auditor's office is currently performing procedures relating to both of these activities. The ultimate outcome of the procedures is not known and the Louisiana Legislative Auditor has not issued any reports as of the date of this report.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards (continued)

2013-5 Misappropriation of Assets (continued)

Cause: The Parish did not perform monitoring of cash receipts at the transit office or the Civic Center prior to the 2013 year.

Effect: Assets of the Parish may have been misappropriated from the Transit department and the Civic Center.

Recommendation: The Parish should ensure appropriate internal controls over cash currency amounts maintained for the Parish. The Parish should ensure cash receipts that are decentralized (not through the Parish building) are monitored and have appropriate internal controls.

Management Response:

The Parish has reviewed all of the circumstances related to the potential misappropriation of cash receipts at its Transit office and the St. Bernard Civic Center. Procedures and oversight have been adjusted to monitor cash activities and assure that incidents of this nature do not happen in the future. In further response to the audit finding, cash management procedures have been implemented at both facilities to incorporate daily and weekly reporting to the Finance Department, lock boxes, and bank drop off policies to assure all cash is maintained properly.

2013-6 Oversight and Management of Recovery-Driven Federal Expenditures

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

Condition: Beginning in late 2005 and continuing through 2013, the Parish has received significant federal financial assistance in the form of Federal Emergency Management Agency (FEMA) grants to fund the massive recovery effort to rebuild and repopulate St. Bernard Parish following Hurricane Katrina. The Parish has outsourced the oversight and management of the entire recovery process to a third party administrator that has acted with the authority of the Parish to approve recovery expenditures and file the required documents for reimbursement from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). As the recovery process has wound down, GOHSEP engaged an outside firm to perform a pre-closeout assessment of the recovery funding process. This assessment has raised questions regarding the process to approve and account for recovery expenditures and the application process for reimbursement.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(B) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards (continued)

2013-6 Oversight and Management of Recovery-Driven Federal Expenditures (continued)

Condition: Several projects had significant cost overruns beyond the federal obligated funding amounts. Numerous projects have not been closed out because of lingering questions surrounding the eligibility of costs submitted.

Context: Project Worksheets (PWs) have not been closed out in a timely manner.

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

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

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

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

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

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

Management's Response:

The oversight of FEMA related reimbursements and expenditures and the resulting project closeout has been an enormous undertaking that has spanned across three administrations. The Parish is currently in the process of contracting with a third party consulting firm to manage and administer the closeout procedures. Administration will continue to coordinate with the third party, when contracted, to assure that all project worksheets are closed out properly, accurately, and timely.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(C) Findings and Questioned Costs – Major Award Programs Audit

U.S. Department of Housing and Urban Development

14.871: Section 8 Housing Choice Vouchers

2013-7 Financial Management Review Performed by HUD

- Criteria:** HUD regulations require the following: (1) Public Housing Agency (PHA) program receipts in excess of current needs must be promptly invested in accordance with good cash management; (2) PHA must maintain complete and accurate accounts and records; these records must be in the form required by HUD; and (3) PHA's are required to submit their year-end financial information to HUD through the Financial Assessment System (FASS).
- Condition:** The Quality Assurance Division (QAD) of the U.S. Department of Housing and Urban Development issued a Financial Management Review Report on the St. Bernard Parish Housing Authority (SBPHA) dated May 21, 2012. The HUD report identified four findings summarized as follows: (1) SBPHA's total cash and investments as of December 31, 2011 were insufficient to support its Net Restricted Assets (NRA) as calculated by QAD by \$2,081,474; (2) SBPHA underreported its NRA balance as of December 31, 2011 by \$1,203,676; (3) SBPHA did not maintain complete and accurate records of administrative expenses for 2011; and (4) SBPHA failed to submit audited financial reports to HUD using the FASS for the fiscal years ended 2007-2010.
- Cause:** (1) The Parish continued to receive funding for the Housing Assistance Program (HAP) during the period the SBPHA was closed in the amount of approximately \$1,708,179. However, neither the SBPHA nor the Parish were able to document where the Housing Choice Voucher (HCY) HAP funds received during that period of time were deposited. HUD offset a portion of these funds in 2009, however the SBPHA received Disaster Housing Assistance Program (DHAP) to HCY funding for this same time period which the SBPHA used to fund both the DHAP to HCY and the regular voucher program. (2) SBPHA failed to properly calculate their NRA balance. However, due to the condition of the financial records and the lack of supporting documentation QAD was unable to identify the exact cause. (3) SBPHA financial records were not maintained in accordance with HUD requirements. (4) The Parish has had a government-wide audit conducted each year but has failed to submit the SBPHA component unit required audited Financial Data schedules to FASS.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(C) Findings and Questioned Costs – Major Award Programs Audit (continued)

U.S. Department of Housing and Urban Development

14.871: Section 8 Housing Choice Vouchers (continued)

2013-7 Financial Management Review Performed by HUD (continued)

Effect:

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

Recommendation:

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

Management's

Response:

The Parish engaged an independent Certified Public Accounting firm to perform an forensic accounting of the time period from late 2005 through mid-2012 for the purpose of establishing the correct Net Restricted Balance (NRA). 100% of the deposits received from HUD were traced back to the appropriate bank account to facilitate reconciling back to the appropriate Net Restricted Asset balance at December 31, 2011. It was determined that the NRA balance was understated and the deficit amount was immediately transferred from the HAP Administrative Fee account to the HAP Rental Subsidy account. The HUD QAD office later confirmed the appropriateness of the transfer to the HAP Rental Subsidy account. A Certified Public Accounting firm has been engaged to file the delinquent FASS report and the SBPHA in compliance. The Finance Department will continue to review the finding and propose actions necessary to correct any deficiencies.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(C) Findings and Questioned Costs – Major Award Programs Audit (continued)

U.S. Department of Homeland Security

97.036: Disaster Grants – Public Assistance - FEMA

2013-8 Property Records Missing Required Grant Information

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

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

Cause: The Finance Department was unaware of this requirement.

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

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

Management's Response: The Parish is in the process of devising a plan to identify both, assets purchased previous and subsequent to 2013, where there were federally assisted funding involved in the asset's acquisition. The Parish is currently in the process of acquiring an Asset Tracking Program which will benefit several departments in the tracking of its assets. This process will be an integral part of the increased staffing that will be responsible for the entire fixed asset management recording and tracking system.

ST. BERNARD PARISH GOVERNMENT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR-ENDED DECEMBER 31, 2013

(C) Findings and Questioned Costs – Major Award Programs Audit (continued)

U.S. Department of Transportation

20.507: Federal Transit Formula Grant

2013-9 FTA Davis-Bacon Act

Criteria: Non-federal entities shall include in their construction contracts subject to Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations. This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payroll).

Condition: The Parish did not document testing compliance with the requirements of the Davis-Bacon Act of individual contractors which the contractor did not provide the Parish with a certified payroll related to the invoices.

Cause: Documentation procedures established to monitor compliance of individual contractors and subcontractors were not followed in 2013.

Effect: The Parish cannot provide reasonable assurance that individual construction contractors and subcontractors are complying with the requirements of the Davis-Bacon Act.

Recommendation: Monitoring controls should be established and documented to provide assurance that procedures are being followed. The Parish should review the process to ensure compliance is being followed.

**Management's
Response:**

The Parish is diligent in regard to conforming with the Davis-Bacon act where federal funding is involved in project development. This particular project was carried over from the previous administration and the Parish's in-house project manager assigned to the project left the employment of the Parish. The in-house project manager that was assigned the project halfway through its completion was unaware that all of the statutory requirements had not been met. The Parish's policy is to include in the advertisement for any project services the statutory requirements associated with that project so that the Contractors can bid the project appropriately.

ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR-ENDED DECEMBER 31, 2013

Financial Statement Findings

2012-01 Accounting and Financial Reporting

Condition: The Parish does not have adequate policies, procedures, and related internal controls to prepare accurate and complete financial statements on a timely basis.

Current Status: Not resolved. See item 2013-1.

2012-02 Grant Receivable Account Reconciliations

Condition: The Parish did not have adequate processes and controls in place to ensure grant receivable accounts were reconciled at year-end. The Parish does not maintain subsidiary ledgers or account reconciliations of grant receivable accounts throughout the year.

Current Status: Not resolved. See item 2013-2.

2012-03 Capital Assets

Condition: The Parish did not have adequate policies, procedures, and internal controls in place to ensure all capital assets were fairly stated in its financial statements on a timely basis.

Current Status: Resolved.

2012-04 Accounts Payable

Condition: The Parish did not have adequate processes and controls in place to ensure expenditures were reported timely in the proper period.

Current Status: Not resolved. See item 2013-3.

ST. BERNARD PARISH GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR-ENDED DECEMBER 31, 2013

Financial Statement Findings (continued)

2012-05 Consolidated Cash Account

Condition: The Parish did not have adequate processes and controls in place to ensure cash balances or borrowings from other funds were properly reported on the financial statements.

Current Status: Resolved.

2012-06 Segregation of Duties over Disbursements

Condition: The Parish did not have adequate segregation of duties over disbursements during the year-ended December 31, 2012.

Current Status: Resolved.

2012-07 Local Government Budget Act

Condition: The Parish did not amend its adopted budget for the General Fund when its total actual expenditures exceeded the total budgeted expenditures by five percent or more.

Current Status: Not resolved. See item 2013-4.

2012-08 Misappropriation of Assets

Condition: On or about January 31, 2012, certain assets (bleachers) that were constructed of metal material were sold as "scrap" metal and the proceeds were not remitted to the Parish. There was no authority by the Parish or Parish management to sell the bleachers. The bleachers had a cost of approximately \$100,000. On or about May 1, 2012, the rental proceeds of approximately \$1,100 from the recreational boat facility operated by the Parish were taken home by an employee for safe keeping. The employee's home was vandalized, and the rental proceeds were stolen.

Current Status: Resolved.

ST. BERNARD PARISH GOVERNMENT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR-ENDED DECEMBER 31, 2013

Financial Statement Findings (continued)

2012-09 WIA Special Revenue Fund Trial Balance and Activity

Condition: During our audit, we noted the trial balance for the Workforce Investment Act (WIA) special revenue fund was not maintained during the year by the Parish, and account reconciliations were not reviewed on a timely basis by the Parish. The activity for the WIA program is maintained in a general ledger that is outside the Parish's accounting software and not subject to the oversight of the Parish Finance Department.

Current Status: Resolved.

2012-10 Oversight and Management of Recovery-Driven Federal Expenditures

Condition: Beginning in late 2005 and continuing through 2012, the Parish has received significant federal financial assistance in the form of Federal Emergency Management Agency (FEMA) grants to fund the massive recovery effort to rebuild and repopulate St. Bernard Parish following Hurricane Katrina. The Parish has outsourced the oversight and management of the entire recovery process to a third party administrator that has acted with the authority of the Parish to approve recovery expenditures and file the required documents for reimbursement from the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). As the recovery process has wound down, GOHSEP engaged an outside firm to perform a pre-closeout assessment of the recovery funding process. This assessment has raised questions regarding the process to approve and account for recovery expenditures and the application process for reimbursement. Several projects had significant cost overruns beyond the federal obligated funding amounts. Numerous projects have not been closed out because of lingering questions surrounding the eligibility of costs submitted.

Current Status: Not resolved. See item 2013-6.

2012-11 Timely Submissions of Audit Report to Legislative Auditor

Condition: The Parish did not meet the June 30, 2013 deadline for reporting to the State of Louisiana. The Parish did request and received an extension of time until July 31, 2013 from the Legislative Auditor to file its financial statements.

Current Status: Resolved.

ST. BERNARD PARISH GOVERNMENT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR-ENDED DECEMBER 31, 2013

Single Audit Findings

2012-12 Financial Management Review Performed by HUD (14.871: Section 8 Housing Choice Vouchers)

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

Current Status: Not resolved. See item 2013-7.

2012-13 Property Record missing Required Grant Information (97.036: Disaster Grants – Public Assistance - FEMA)

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

Current Status: Not resolved. See item 2013-8.

To the Parish Council
St. Bernard Parish Government

In planning and performing our audit of the financial statements of St. Bernard Parish Government (the Parish) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Parish's internal control over financial reporting (internal control) as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. Accordingly, we do not express an opinion on the effectiveness of the Parish's internal control.

However, during our audit we became aware of several matters as listed in Attachment I that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Parish's internal control in our *Government Auditing Standards* letter dated July 10, 2014. This letter does not affect our report dated July 10, 2014 on the financial statements of the Parish.

We will review the status of these comments during our next audit engagement. We have discussed many of these comments and suggestions with management and we will be pleased to discuss them in further detail at your convenience.

The Parish's written responses to the comments identified in Attachment I and Attachment II have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Parish President, Parish Council, the State of Louisiana and the Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite + Netterville

Metairie, Louisiana
July 10, 2014

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-101 Information Technology Access controls

Observation: We observed the following items regarding information technology access during our general controls procedures.

- The Parish does not have a formal process to administer user access for new hires and removal of access for terminated employees.
- The Parish does monitor user access on an informal basis throughout the year.
- Non-Information Technology personnel have "Administrator" access to the accounting system.
- Password complexity requirements are not enabled on Windows
- There are no separate password controls established for Sage and users are not required to change their passwords on a periodic basis. In addition, if users forget their passwords, a new user account is created since the employee's account cannot be reset when a password is forgotten.

Recommendation: The Parish should consider the following recommendations relating to access controls over the information technology systems of the Parish

- Management should consider formalizing the user access administration process including new hires, transfers, and terminations to all information systems used.
- Management should adopt a policy for formal review of Parish employees access rights on a periodic basis throughout the year and document the review.
- Administrator access rights should be limited to Information Technology personnel who do not have end user access in the system. If this is not efficient, management should adopt monitoring controls in place over employees with "Administrator" access.
- Management should enforce complexity requirements on Windows. In addition, passwords to Sage should be changes on a periodic basis. Management should also discuss with the software vendors options for the Parish to be able to reset employees' passwords when needed.

Management Response: The IT Department agrees with the comments and recommendations regarding formalizing the user access administration process. The department will be working with the HR Department and Finance department to develop a standard notification procedure for hires, transfers and terminations to all information systems used. In regard to formalizing the review of Parish employee's access rights, the IT Department periodically monitors and reviews validation of system user access. Presently, the IT Department does have monitoring controls in place which allows the administrators of the system to manage and track the organization's audit trail. Regarding the complexity requirements on

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-101 Information Technology Access controls (continued)

Windows, we have implemented it on all applications with the exception of Sage. Sage software vendor has been contacted by management to discuss the options for the Parish to be able to reset employee's passwords and they indicated that the only way to do that is by changing the System Preferences to 'Use Windows Authentication'. The Pros and Cons of using Windows Authentication has been considered and IT has determined that the Sage application will continue to use its inherent user access authentication guidelines.

2013-102 Escheatment of Un-negotiated items

Observation: The Parish's policy and procedures do not provide for routine review of items for escheatment to the State of Louisiana. We noted a number of items on the Parish's bank reconciliation which should be reviewed for escheatment.

Recommendation: The Parish should implement processes and procedures so that outstanding un-negotiated checks are escheated to the State of Louisiana on a timely basis.

Management Response: The Finance Department is in agreement with this comment. The Parish is in the process of devising a plan to semi-annually evaluate and submit unclaimed payments to the proper trustees. The Finance Department evaluated the outstanding uncleared checks and made inquiries of the appropriate state agency regarding the procedures to rectify this situation. The Parish was informed of the necessary procedures which proved to not be cost beneficial because of the number of low denomination checks. We are continuing our planning in regard to Escheatment.

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-103 Use of Hand Scanner Software

Observation: The Parish requires most employees to use the Microix hand scanner time-keeping system to track time worked in a day. Certain departments (34th Judicial, Transit, Civic Center and Registrar of Voters) do not have access to the hand scanners and currently utilize manual time sheets.

Recommendation: We recommend the Parish provide access to the Microix hand scanner time-keeping system for all applicable employees so that internal controls over payroll processing would be improved.

Management Response: The Administration is in agreement with the recommendation of implementing an across-the-board requirement for all applicable personnel to be required to substantiate their hours worked through the Microix hand scanner timekeeping system. Two of the four Departments in question have three or less employees and the implementation of a hand scanning system would not be cost beneficial, however, the Parish plans on installing these when funding allows.

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT LETTER COMMENTS - PRIOR YEAR
FOR THE YEAR ENDED DECEMBER 31, 2013

2012-101 Information Technology Access controls

Condition: We observed the following items regarding information technology access during our general controls procedures.

- The Parish does not have a formal process to administer user access for new hires and removal of access for terminated employees.
- The Parish does monitor user access on an informal basis throughout the year.
- Non-Information Technology personnel have "Administrator" access to the accounting system.
- Password complexity requirements are not enabled on Windows
- There are no separate password controls established for Sage and users are not required to change their passwords on a periodic basis. In addition, if users forget their passwords, a new user account is created since the employee's account cannot be reset when a password is forgotten.

Current Status: Not resolved. See 2013-101.

2012-102 Escheatment of Un-negotiated items

Condition: We noted a number of items on the Parish's bank reconciliation which should be reviewed for escheatment. The Parish should implement processes and procedures so that outstanding un-negotiated checks are escheated to the State of Louisiana on a timely basis.

Current Status: Not resolved. See 2013-102.

2012-103 Use of Hand Scanner Software

Condition: The Parish requires most employees to use the Microix hand scanner time-keeping system to track time worked in a day. Certain departments do not have access to the hand scanners and currently utilize manual time sheets. We recommend the Parish provide access to the Microix hand scanner time-keeping system for all applicable employees so that internal controls over payroll processing would be improved.

Current Status: Not resolved. See 2013-103.

ST. BERNARD PARISH GOVERNMENT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

2011-13 Timely Record Accounts Payable on Construction in Progress

Condition: 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.

Current Status: Resolved

2011-17 Interim Financial Statements

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

Current Status: Not resolved. See finding 2013-1.

2011-20 Monthly Reconciliation for Grant Activity

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

Current Status: Not resolved. See finding 2013-6