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# ST. JOHN THE BAPTIST PARISH ASSESSOR

Annual Financial Report

As of and for the Year Ended  
December 31, 2003

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

Release Date 7-21-04

**KEITH J. ROVIRA**  
*Certified Public Accountant*

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana

General Purpose Financial  
Statements and Auditor's Report  
As of and for the Year Ended  
December 31, 2003

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### INDEPENDENT AUDITOR'S REPORT

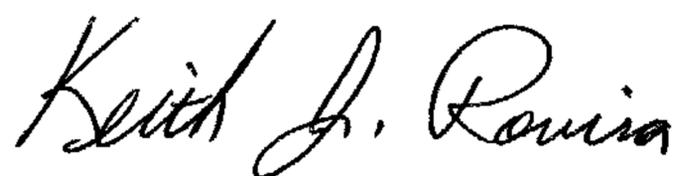
Honorable Henry J. Hotard, Jr.  
St. John the Baptist Parish Assessor  
Edgard, Louisiana

I have audited the accompanying general purpose financial statements of the St. John the Baptist Parish Assessor as of and for the year then ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the St. John the Baptist Parish Assessor. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

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

In my opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the St. John the Baptist Parish Assessor as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated June 4, 2004, on my consideration of the St. John the Baptist Parish Assessor's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.



Keith J. Rovira  
Certified Public Accountant

June 4, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 Edgard, Louisiana  
 Governmental Fund Type - General Fund  
 Balance Sheet  
 December 31, 2003

Statement A

	<u>Governmental Fund - General Fund</u>	<u>Account Group - General Fixed Assets</u>	<u>Total (Memorandum Only)</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents (Note C)	\$554,062	-	\$554,062
Revenues receivable:			
Ad valorem taxes (Note A.9.)	558,735	-	558,735
State revenue sharing	35,522	-	35,522
Office furnishings and equipment (Note D)	<u>-</u>	\$105,752	<u>105,752</u>
<b>TOTAL ASSETS</b>	<b><u>\$1,148,319</u></b>	<b><u>\$105,752</u></b>	<b><u>\$1,254,071</u></b>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>			
Liabilities:			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Equity:			
Investment in general fixed assets	-	\$105,752	105,752
Fund balance - unreserved - undesignated	<u>1,148,319</u>	<u>-</u>	<u>1,148,319</u>
Total Fund Equity	<u>1,148,319</u>	<u>105,752</u>	<u>1,254,071</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$1,148,319</u></b>	<b><u>\$105,752</u></b>	<b><u>\$1,254,071</u></b>

The accompanying notes are an integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
**Edgard, Louisiana**  
**Governmental Fund Type - General Fund**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the Year Ended December 31, 2003**

Statement B

**REVENUES**

Ad valorem taxes	\$552,523
State revenue sharing	53,283
Interest earnings	5,814
Other	<u>235</u>
 Total Revenues	 <u>611,855</u>

**EXPENDITURES**

Salaries and related expenditures	526,832
Office supplies and expenditures	38,942
Travel and automotive	7,416
Professional services	10,285
Capital outlay	<u>-</u>
 Total Expenditures	 <u>583,475</u>

Excess of Revenues over Expenditures	28,380
 Fund Balance at Beginning of Year	 <u>1,119,939</u>
 Fund Balance at End of Year	 <u>\$1,148,319</u>

The accompanying notes are an integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 Edgard, Louisiana  
 Governmental Fund Type - General Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2003

Statement C

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b><u>REVENUES</u></b>			
Ad valorem taxes	\$550,745	\$552,523	\$1,778
State revenue sharing	52,468	53,283	815
Interest earnings	13,604	5,814	(7,790)
Other	<u>-</u>	<u>235</u>	<u>235</u>
 Total Revenues	 <u>616,817</u>	 <u>611,855</u>	 <u>(4,962)</u>
 <b><u>EXPENDITURES</u></b>			
Salaries and related expenditures	537,878	526,832	11,046
Office supplies and expenditures	30,450	38,942	(8,492)
Travel and automotive	13,500	7,416	6,084
Professional services	9,500	10,285	(785)
Capital outlay	<u>25,489</u>	<u>-</u>	<u>25,489</u>
 Total Expenditures	 <u>616,817</u>	 <u>583,475</u>	 <u>33,342</u>
 Excess (Deficiency) of Revenues over Expenditures	 - -	 28,380	 28,380
 Fund Balance at Beginning of Year	 <u>1,119,939</u>	 <u>1,119,939</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$1,119,939</u>	 <u>\$1,148,319</u>	 <u>\$28,380</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four year term. The assessor assesses all real and movable property in the parish subject to ad valorem taxation, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The assessor is authorized to appoint as many deputies as may be necessary for efficient operation of the office and provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

The assessor has one office located in Edgard and one office in LaPlace in St. John the Baptist Parish. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing for the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies located in the parish.

1. Basis of Presentation

The accompanying general purpose financial statements of the St. John the Baptist Parish Assessor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, the assessor is an independently elected official who operates his office without oversight responsibility to the parish governing authority, the St. John the Baptist Parish Council. Louisiana revised statutes give each assessor control over all of their operations. This includes the hiring

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and retention of employees, authority over budgeting, responsibility for funding deficits and operating deficiencies, and fiscal management for controlling the collection and disbursement of funds. Therefore, the assessor reports as an independent reporting entity and the financial statements include only the transactions of the St. John the Baptist Parish Assessor. Furthermore, the St. John the Baptist Parish Council, the parish's governing authority, does not include the assessor as a component unit in its comprehensive annual financial report.

3. Fund Accounting

The accounts of the assessor are organized on the basis of a fund (General Fund) and an account group (General Fixed Assets Account Group), each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. Revenues are accounted for in the General Fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The General Fund, as provided by Louisiana Revised Statute (LSA-R.S.) 47:1906, is the principal fund of the assessor and accounts for the operation of the assessor's office. Ad valorem tax revenue is accounted for in this fund. General operating expenditures are paid from this fund. The General Fund is classified as a governmental fund type.

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The assessor's records are maintained on a cash basis of accounting. However, the funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting. The General Fund uses the following practices

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

in recording revenues and expenditures:

Revenues:

Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31.

Revenues from state revenue sharing and payments in lieu of taxes are recorded in the year the revenues are due the assessor.

Interest earnings on time deposits are recorded when the time deposits have matured and the revenue is available.

All other revenues are recorded when received.

Expenditures:

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

5. Fixed Assets

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. General fixed assets provided by the parish council are not recorded within the general fixed assets account group. Fixed assets are valued at historical cost. No depreciation has been provided on fixed assets. The general fixed assets account group is not a fund. It is concerned only with the measurement of financial position and does not involve measurement of results of operations.

6. Long-term Obligations

There were no long-term obligations at December 31, 2003.

7. Budgets

The original proposed budget for the year ended December 31, 2003, was made available for public inspection at the assessor's office and advertised. The budget was adopted after a public hearing which was held on December 2, 2002. The proposed budget was prepared on the modified accrual basis of accounting. The assessor reserves all authority to make changes to the budget.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Formal budget integration within the accounting records is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. The 2003 original budget was amended on June 30, 2003.

All appropriations contained in the budget lapse at year end.

8. Cash and Cash Equivalents

Cash includes amounts in noninterest bearing demand deposits. Cash equivalents include amounts in certificates of deposit. Under state law, the assessor may deposit funds in demand deposits, money market accounts, or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

9. Receivables

Receivables are made up of ad valorem taxes, state revenue sharing and payments in lieu of taxes. For 2003 ad valorem tax receivable is recorded net of an estimated 2% uncollectible amount. This percentage is based on past years' experience.

10. Compensated Absences

Employees of the assessor's office earn vacation leave depending on length of service as follows: after one year of service an employee earns 5 days; after two years of service an employee earns 10 days; after three and four years of service an employee earns 15 days; after five years of service an employee earns 20 days. An employee cannot earn more than 20 days per year after five years of service. Vacation leave must be taken during the year earned, and cannot be accumulated. Sick leave is granted at the discretion of the assessor, and cannot be accumulated. Upon termination, resignation, or retirement employees are not paid for any unused vacation or sick leave earned during the year. At December 31, 2003, there were no accumulated or vested benefits related to vacation and sick leave that require disclosure in accordance with GASB Codification C60.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Encumbrances

The assessor does not use encumbrance accounting.

12. Total Column on Balance Sheet

The total column on the balance sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 Edgard, Louisiana  
 Notes to the Financial Statements  
 December 31, 2003

**NOTE B - LEVIED TAXES**

Ad valorem taxes of 3.23 mills were authorized and levied for the operation of the assessor's office. The following are the principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Marathon Ashland LLC	Oil company	\$55,014,082	23%
E. I. Dupont De Nemours & Co.	Chemical company	8,485,556	4%
Nalco Chemical Co.	Chemical company	4,924,645	2%
Du Pont Dow Elastomers	Chemical company	4,207,485	2%
Entergy Louisiana	Power company	3,977,790	2%
La. Machinery Co.	Machinery	3,509,212	1%
Bayou Steel Corp.	Steel mill	3,243,212	1%
Hibernia Bank	Banking	2,979,794	1%
Reserve Telephone Co.	Telephone company	2,680,660	1%
Stockhausen La.	Chemical company	<u>2,550,768</u>	<u>1%</u>
<b>Total</b>		<b><u>\$91,573,204</u></b>	<b><u>38%</u></b>

The total assessed valuation for all taxpayers at December 31, 2003 was \$242,421,270. This figure was used in calculating the percentage of the "2003 assessed valuation of each of the ten largest taxpayers" to the "assessed valuation for all taxpayers."

**NOTE C - CASH AND CASH EQUIVALENTS**

At December 31, 2003, the carrying amounts (book balances) of all cash and cash equivalents of the assessor are listed as follows:

Noninterest bearing demand deposits	\$193,184
Certificates of deposit	<u>360,878</u>
<b>Total</b>	<b><u>\$554,062</u></b>

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 Edgard, Louisiana  
 Notes to the Financial Statements  
 December 31, 2003

**NOTE C - CASH AND CASH EQUIVALENTS (CONTINUED)**

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the assessor had \$554,987 in deposits (collected bank balances). These deposits were secured from risk by \$220,507 of federal deposit insurance and \$334,480 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the assessor that the fiscal agent has failed to pay deposited funds upon demand.

**NOTE D - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets (office furnishings and equipment) follows:

Balance, December 31, 2002	\$105,752
Additions	-
Deductions	<u>-</u>
Balance, December 31, 2003	<u>\$105,752</u>

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

**NOTE E - PENSION PLAN**

Plan Description

Substantially all employees of the St. John the Baptist Parish Assessor's office are members of the Louisiana Assessor's Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessor's Retirement System, Post Office Box 1786, Shreveport, Louisiana 71166-1786, or by calling (318)425-4446.

Funding Policy

For all of 2003, plan members (employees) were required by state law to contribute 8.0 percent of their annual covered salary into the retirement system, and the assessor (employer) was required to contribute 14.0 percent of an employee's annual covered payroll into the System. Contributions to the System also include one-fourth of one percent (one percent for Orleans Parish) of the taxes shown to be collectible by the

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

**NOTE E - PENSION PLAN (CONTINUED)**

Tax rolls of each parish, plus revenue sharing appropriated by the legislature. The contribution requirements of plan members and the St. John the Baptist Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The assessor's employer contributions to the System for the years ended December 31, 2003, 2002 and 2001, were \$53,177, \$41,320 and \$24,697, respectively, and these amounts equaled the required contributions for those years.

**NOTE F - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The St. John the Baptist Parish Assessor provides certain continuing health care and life insurance benefits for retired employees. Substantially all of the assessor's employees become eligible for these benefits if they reach normal retirement age while working for the assessor. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the assessor. The assessor recognizes the cost of providing these benefits (assessor's portion of premiums) as an expenditure when paid during the year. The cost of health insurance benefits paid by the assessor for retirees and active employees totaled \$16,820 and \$71,977, respectively.

**NOTE G - LEASES**

Operating leases are all leases that do not meet the criteria of capital leases.

In June, 2001, the assessor entered into a new and separate noncancelable operating lease for a replacement automobile. There are no monthly lease payments for the duration of the lease period, and there are no commitments on the lease as of December 31, 2003.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Notes to the Financial Statements  
December 31, 2003

**NOTE G - LEASES (CONTINUED)**

In November, 2001, the assessor entered into a second new and separate noncancelable operating lease for a replacement automobile. There are no monthly lease payments for the duration of the lease period, and there are no commitments on the lease as of December 31, 2003.

There were no other operating or capital leases.

**NOTE H - EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS**

The assessor has an office located in both Edgard and LaPlace in St. John the Baptist Parish. The upkeep and maintenance of these offices is mainly paid by the St. John the Baptist Parish Council as required by Louisiana Revised Statute. These expenditures are not reflected in the accompanying financial statements.

**NOTE I - LITIGATION**

There was no litigation pending against the assessor's office at December 31, 2003.

**SUPPLEMENTARY INFORMATION SCHEDULE**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Supplementary Information Schedule  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2003

I have audited the accompanying general purpose financial statements of the St. John the Baptist Parish Assessor as of and for the year ended December 31, 2003, and have issued my report thereon dated June 4, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Report and Findings

There was one material weakness in internal control that was a reportable condition which required disclosure in the current year (Finding No. 1). There were no other findings, required to be reported, and no management letter was issued for the current audit period.

There were two prior-year audit findings. One was the same as this current-year finding (Finding No. 1). The other was an instance of noncompliance that was required to be reported in the prior year's audit report (Finding No. 2).

The St. John the Baptist Parish Assessor did not receive any federal funds during the twelve months ended on December 31, 2003.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Supplementary Information Schedule (Continued)  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2003

Section II - Financial Statement Finding

Finding No.: 1 (Segregation of Duties)

Fiscal Year Finding Initially Occurred: Has existed from inception.

Finding Described: The size of the assessor's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control.

Corrective Action and Additional Explanation: Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial. No action will need to be taken.

Finding No.: 2 (Unallowable Homestead Exemptions) Prior-Year

Fiscal Year Finding Initially Occurred: December 31, 2002

Finding Described: In a report dated April 23, 2003, the Louisiana Legislative Auditor's office presented their conclusions and findings from an examination they performed on the offices of fourteen assessors. One of the findings of the report covered the granting of unallowable homestead exemptions by the St. John the Baptist Parish Assessor. According to the report, the chief deputy assessor indicated that there were more than 400 property owners who have two or more homestead exemptions in the parish. In addition, the chief deputy assessor owned three homes in St. John the Baptist Parish, one that he lived in and two where his children lived. The report indicates that for a five-year period from 1993 through 1997, the chief deputy assessor claimed two homestead exemptions, and for a four-year period from 1998 through 2001, he increased his homestead exemptions to three after he acquired a third home in 1998. The report notes that Article VII, Section 20(A)(1) of the Louisiana state constitution allows for one property owner to be exempted from state, parish, and special ad valorem taxes up to \$7,500 of the assessed valuation for an individual, and requires that homestead exempted property be owned and occupied by the person receiving the exemption.

Corrective Action and Additional Explanation:

The assessor and the chief deputy assessor responded to these

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
Edgard, Louisiana  
Supplementary Information Schedule (Continued)  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan for Current Year Audit Findings  
For the Year Ended December 31, 2003

findings as follows: (1) The assessor indicated that the practice of allowing homestead exemptions to relatives, when rent is not collected, was started prior to his position as assessor. He further stated that all unallowable homestead exemptions in St. John the Baptist Parish have now been canceled, and his office will work with the state in developing procedures to better accumulate and store data on property and property owners in the parish; (2) The chief deputy assessor concurs with the assessor's response, and further states that when he learned that the practice of claiming more than one home was wrong, he immediately stopped and removed two of his homes from homestead exemption, and paid the office \$951 in property taxes for the year 2002 for the two homes.

Contact Person:

Henry J. Hotard, Jr.,  
St. John the Baptist Parish Assessor  
Edgard, Louisiana

Anticipated Completion Date: Already completed.

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

KEITH J. ROVIRA  
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Honorable Henry J. Hotard, Jr.  
St. John the Baptist Parish Assessor  
Edgard, Louisiana

I have audited the general purpose financial statements of the St. John the Baptist Parish Assessor as of and for the year ended December 31, 2003, and have issued my report thereon dated June 4, 2004. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As a part of obtaining reasonable assurance about whether the St. John the Baptist Parish Assessor's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. John the Baptist Parish Assessor's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operations that I consider

to be reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the assessor's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. I noted that, as a material weakness, the size of the assessor's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal accounting control. Management is aware of this inadequacy in the internal control structure, however, it feels that to employ such controls would not be cost beneficial.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I considered the reportable condition described above to be a material weakness.

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Keith J. Rovira  
Certified Public Accountant

June 4, 2004