

ST. MARY PARISH ASSESSOR

FINANCIAL REPORT

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.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Sherel A. Martin, Jr., Assessor
St. Mary Parish Assessor
Franklin, Louisiana

We have audited the accompanying financial statements of the St. Mary Parish Assessor, a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Assessor's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary 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.

The St. Mary Parish Assessor, adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of January 1, 2003. This results in a change in the format and content of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2004, on our consideration of the St. Mary Parish Assessor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

The management's discussion and analysis and budgetary comparison information are not a required part of the financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Morgan City, Louisiana
May 7, 2004

MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the St. Mary Parish Assessor, Franklin, Louisiana (the Parish Assessor) annual financial report, the Parish Assessor's management is pleased to provide this narrative discussion and analysis of the financial activities of the Parish Assessor for the calendar year ended December 31, 2003. The Parish Assessor's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Parish Assessor's assets exceeded its liabilities by \$94,643 (net assets) for the calendar year reported.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$18,765 include property and equipment, net of accumulated depreciation and related debt.
 - (2) Unrestricted net assets of \$75,878 represent the portion available to maintain the Parish Assessor's continuing obligations to citizens and creditors.
- The Parish Assessor's governmental funds reported total ending fund balance of \$71,770 this year. This compares to the prior year ending fund balance of \$94,312 showing a decrease of \$22,542 during the current year. The total fund balance is unreserved.
- At the end of the current calendar year, unreserved fund balance of the General Fund (the only governmental fund) was \$71,770, or 8% of total General Fund expenditures.
- Overall, the Parish Assessor continues to maintain a strong financial position, in spite of the economic downturn in St. Mary Parish.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

INDEPENDENT AUDITOR'S REPORT

The first item in this report is the independent auditor's report. This report tells the reader what the auditor audited and whether the Parish Assessor has followed the accounting and financial reporting rules. For 2003, the auditor has given the Parish Assessor what is commonly called a "clean opinion." This means that the Parish Assessor is following the accounting rules and the following financial statements reflect the financial position and the financial activity for the year ended December 31, 2003. The auditor's report is signed by the independent auditor. The auditor's report may be found on pages 1 and 2 of this financial report.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Parish Assessor's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Parish Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information and supplementary information. Comparative data is presented when available. All applicable tables will present comparative data in calendar year 2004.

Government-Wide Financial Statements

The Parish Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide financial statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Parish Assessor's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Parish Assessor as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Assessor would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Assessor's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when the Parish Assessor receives or pays cash. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Assessor's distinct activities or functions on revenues provided by the Parish Assessor's taxpayers.

The government-wide financial statements are presented on pages 10 and 11 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parish Assessor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Parish Assessor's only fund, the General Fund.

The Parish Assessor uses only one fund type:

The Governmental fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Parish Assessor's governmental fund. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 12 and 14 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Parish Assessor's financial statements. The Management's Discussion and Analysis is included as "required supplementary information." Required supplementary information is information that the accounting rules strongly suggest be presented within the Assessor's financial report. The independent auditor does not formally audit this information, but reviews it in great detail to ensure its accuracy.

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR AS A WHOLE

The Parish Assessor implemented the new financial reporting model used in this report beginning with the current calendar year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Parish Assessor as a whole.

The Parish Assessor's net assets at fiscal year-end are \$94,643. The following table provides a summary of the Parish Assessor's net assets:

Summary of Net Assets

	<u>Governmental Activities</u>	<u>Percentage of Total</u>
Assets:		
Current assets	\$908,412	96%
Capital assets	<u>35,586</u>	<u>4%</u>
Total assets	<u>943,998</u>	<u>100%</u>
Liabilities:		
Current	844,698	99%
Non-current	<u>4,657</u>	<u>1%</u>
Total liabilities	<u>849,355</u>	<u>100%</u>
Net assets:		
Investment in capital assets, net of related debt	18,765	20%
Unrestricted	<u>75,878</u>	<u>80%</u>
Total net assets	<u>94,643</u>	<u>100%</u>
Total liabilities and net assets	<u>\$943,998</u>	

The Parish Assessor continues to maintain a consistent current ratio. The current ratio compares the current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 1.1:1.

The Parish Assessor reported a positive balance in net assets for its governmental activities. Net assets decreased from 2002 by \$22,658 or 19%. Note that approximately 20% of the governmental activities' net assets are tied up in capital assets. The Parish Assessor uses these capital assets to provide services to its citizens.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, the Parish Assessor will accumulate comparative data and will present this data to assist analysis in future years. Remember, the following data is presented on the accrual basis of accounting which means that all costs are presented. However, the purchase of capital assets is not included but depreciation on the capital assets is included.

The following table provides a summary of the Parish Assessor's changes in net assets:

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	<u>Percentage of Total</u>
Revenues:		
Program:		
Charges for services (copies, etc.)	\$ 17,903	2%
General:		
Taxes	783,244	91%
State revenue sharing	55,814	6%
Interest	<u>5,814</u>	<u>1%</u>
Total revenues	<u>862,775</u>	<u>100%</u>
Program expenses:		
General government:		
Salaries and benefits	667,574	75%
Operating services	155,002	17%
Materials and supplies	40,389	5%
Travel and other	4,363	1%
Depreciation	15,191	2%
Debt service:		
Interest	<u>2,914</u>	<u>0%</u>
Total expenses	<u>885,433</u>	<u>100%</u>
Change in net assets	(22,658)	
Net assets, beginning	<u>117,301</u>	
Net assets, ending	<u>\$ 94,643</u>	

GOVERNMENTAL REVENUES

The Parish is heavily reliant on property taxes to support its operations. Property taxes provide 91% of the Parish Assessor's total revenues. Revenues from the State of Louisiana for revenue sharing totaled approximately 6% of the Parish Assessor's current year resources. Because of the Parish Assessor's healthy financial condition, we have been able to earn \$5,814 in interest earnings to support our activities, in spite of the low interest rates available in 2003 for investments. Also, note that program revenues cover only 2% of governmental operating expenses. This means that the Parish Assessor's taxpayers and the Parish Assessor's other general revenues fund 98% of the Parish Assessor's activities. As a result, the general economy and local businesses have a major impact on the Parish Assessor's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Since assessor operations are staff oriented, approximately 75% of the budget is used for employee salaries and benefits. Operating services and materials and supplies make up 17% and 5% of the total expenses respectively.

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR'S GENERAL FUND

The General Fund is the Parish Assessor's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is reported in the fund financial statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

The total ending general fund's fund balance is \$71,770, a decrease of \$22,542 or 19% from the prior year. This decrease is primarily the result of the events and programs described within the analysis of the Parish Assessor's activities described above. Other key factors contributing to this change were increases in salaries and benefits to the assessor and deputy assessors and increases in professional fees. The total amount is unreserved indicating availability for continuing Parish Assessor service requirements.

Property taxes were \$783,244 or 7.5% more than 2002, primarily because of a reassessment of the Parish taxable property. State revenue sharing was comparable to 2002.

Salaries and benefits were somewhat above 2002, an increase of 14%. The cost of group insurance increased 10% and the Parish Assessor's pension contribution increased 29%. Operating service expenditures increased approximately \$3,400 or 2%. Finally, capital outlay in 2003 was substantially the effect of the Parish Assessor entering into capital leases for the acquisition of computer equipment.

The General Fund's ending fund balance is considered adequate, representing the equivalent of 8% of annual expenditures. Note that the Parish Assessor is financing its operations substantially on a "pay-as-you-go" system, with the only outstanding long-term debt being future capital lease obligations. These capital lease obligations have original terms of three years.

BUDGETARY HIGHLIGHTS

Both the General Fund's original budget for 2003 and the actual expenditures for 2003 were greater than the actual amounts reported in calendar year 2002. As indicated above, the majority of this increase is in personnel costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Parish Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2003 was \$35,586. The total decrease in this net investment was 5%. In 2003, depreciation expense exceeded capital asset replacement by \$1,865. This difference could be reviewed negatively; however, this type of information needs to be reviewed as a trend over multiple years to be more meaningful. As noted above, the Parish Assessor did provide additional and replacement equipment in 2003 which offsets some of the depreciation expense. See Note 5 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year.

The following table provides a summary of capital asset activity.

	Capital assets	
	Governmental Activities	
	2003	2002
Depreciable assets:		
Equipment, furniture and fixtures	\$ 552,704	\$ 539,378
Less accumulated depreciation	<u>517,118</u>	<u>501,927</u>
Book value - depreciable assets	<u>\$ 35,586</u>	<u>\$ 37,451</u>

At December 31, 2003 the depreciable capital assets for governmental activities were 94% depreciated. This results in a 3% reduction in the book value of the capital assets. As indicated above, these percentages indicate that in the current year, the Assessor did not replace its assets at the same rate as they were depreciating. The total percentage of depreciated capital assets is quite high which means that additional resources will be required to replace these capital assets in the future.

Long-term debt

At year-end, the Parish Assessor had no long-term debt outstanding, except for the present value of remaining capital lease obligations. The Parish Assessor has chosen to upgrade technological equipment through capital leasing. The Parish Assessor may issue general obligation debt to meet its capital needs but has elected to fund these needs on a "pay-as-you-go" basis. Financing capital acquisitions on a current basis eliminates the deferral of capital costs to future periods.

ECONOMIC CONDITIONS AFFECTING THE PARISH ASSESSOR

Since the primary revenue stream for the Parish Assessor is property taxes, this type of tax is not subject to changes in the economy, in the short-term. However, in the long-term, property tax revenues suffer if the economy does not maintain growth. As noted above, the value of the Parish taxable property is increasing which is a positive indicator against a slumping national and regional economy.

CONTACTING THE PARISH ASSESSOR'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Parish Assessor's finances, comply with finance-related laws and regulations, and demonstrate the Parish Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact the Assessor, Mr. Sherel A. Martin, Jr., at the Parish Assessor's office, 3rd Floor Courthouse, Franklin, Louisiana 70538.

FINANCIAL SECTION

ST. MARY PARISH ASSESSOR

Statement of Net Assets
December 31, 2003

ASSETS

Current assets:		
Cash and cash equivalents	\$	93,186
Investments		52,382
Receivables		
Taxes (net of allowance for uncollectible taxes)		756,556
Other		1,524
Due from other governmental units		656
Prepaid expenses		4,108
Total current assets		<u>908,412</u>
Capital assets:		
Equipment and furniture		522,563
Property held under capital leases		30,141
		<u>552,704</u>
Less: accumulated depreciation		<u>(517,118)</u>
Total capital assets, net of accumulated depreciation		<u>35,586</u>
Total assets	\$	<u>943,998</u>

LIABILITIES

Current liabilities:		
Accounts payable	\$	18,773
Deferred revenues		813,761
Current portion of obligations under capital leases		12,164
Total current liabilities		<u>844,698</u>
Noncurrent liabilities:		
Obligations under capital leases, less current portion		4,657
Total liabilities		<u>849,355</u>

NET ASSETS

Investment in capital assets, net of related debt		18,765
Unrestricted		<u>75,878</u>
Total net assets		<u>94,643</u>
Total liabilities and net assets	\$	<u>943,998</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Statement of Activities
Year Ended December 31, 2003

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue And Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
General government	\$ 882,519	\$ 17,903	\$ -	\$ (864,616)
Interest on long-term debt	<u>2,914</u>	<u>-</u>	<u>-</u>	<u>(2,914)</u>
	<u>885,433</u>	<u>17,903</u>	<u>-</u>	<u>(867,530)</u>
General Revenues:				
Ad valorem taxes				783,244
State revenue sharing				55,814
Interest and investment earnings				<u>5,814</u>
Total general revenues				<u>844,872</u>
Change in net assets				(22,658)
Net assets -- beginning				<u>117,301</u>
Net assets -- ending				<u>\$ 94,643</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Balance Sheet
Governmental Fund
December 31, 2003

	<u>General Fund</u>
ASSETS	
Cash	\$ 63,847
Interest-bearing deposits, at cost	29,339
Investments	52,382
Receivables -	
Taxes (net of allowance for uncollectible taxes)	756,556
Other	1,524
Due from other governmental units	<u>656</u>
Total assets	<u>\$ 904,304</u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	\$ 18,773
Deferred revenue	<u>813,761</u>
Total liabilities	<u>832,534</u>
Fund balance:	
Unreserved	<u>71,770</u>
Total fund balance	<u>71,770</u>
Total liabilities and fund balance	<u>\$ 904,304</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2003

Total fund balance - governmental fund	\$	71,770
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund		35,586
Prepaid expenditures involve the payment with current financial resources of obligations that are attributable to fiscal periods beyond the end of the current fiscal year		4,108
Long-term liabilities, which include obligations under capital leases, are not due and payable in the current period and therefore are not reported in the fund		<u>(16,821)</u>
Net assets of governmental activities	\$	<u>94,643</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
Year Ended December 31, 2003

	<u>General Fund</u>
Revenues:	
Taxes - ad valorem	\$ 783,244
Intergovernmental -	
State revenue sharing	55,814
Miscellaneous -	
Interest on deposits	5,814
Other	<u>17,903</u>
Total revenues	<u>862,775</u>
Expenditures:	
Current -	
General government:	
Taxation	870,464
Debt service -	
Principal retirement	10,967
Interest and fiscal charges	2,914
Capital outlay	<u>14,298</u>
Total expenditures	<u>898,643</u>
Deficiency of revenues over expenditures	(35,868)
Other financing source:	
Proceeds from capital lease obligations	<u>13,326</u>
Deficiency of revenues and other financing sources over expenditures	(22,542)
Fund balance, beginning	<u>94,312</u>
Fund balance, ending	<u>\$ 71,770</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the
Statement of Activities
Year Ended December 31, 2003

Net change in fund balance - governmental fund	\$ (22,542)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures, however, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period	(1,865)
Certain expenditures of the governmental fund involve the payment of current financial resources for obligations attributable to fiscal periods following the close of the current fiscal period. The portion of payments for insurance coverage attributable to periods after December 31, 2003 are classified as prepaid expenditures in the statement of net assets	4,108
Capital lease proceeds provide current financial resources to the governmental fund, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of capital lease obligation principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments	<u>(2,359)</u>
Change in net assets of governmental activities	<u>\$ (22,658)</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes - ad valorem	\$ 741,800	\$ 772,723	\$ 783,244	\$ 10,521
Intergovernmental -				
State revenue sharing	53,313	56,648	55,814	(834)
Miscellaneous -				
Interest on deposits	7,200	5,598	5,814	216
Other	11,450	9,320	17,903	8,583
Total revenues	<u>813,763</u>	<u>844,289</u>	<u>862,775</u>	<u>18,486</u>
Expenditures:				
Current -				
General government:				
Taxation -				
Auto expense	21,600	21,096	22,011	(915)
Dues and subscriptions	2,400	2,343	1,953	390
Insurance - general	30,000	33,307	27,867	5,440
Insurance - group	67,140	73,434	75,171	(1,737)
Legal and professional fees	36,000	19,284	39,193	(19,909)
Office expense	12,500	11,478	14,905	(3,427)
Postage	3,000	2,294	2,501	(207)
Retirement	73,108	74,234	72,965	1,269
Repairs and maintenance	70,000	93,281	85,846	7,435
Salaries	453,630	511,027	508,916	2,111
Taxes	8,500	9,881	10,522	(641)
Telephone	4,500	4,000	4,251	(251)
Travel and seminars	7,800	5,032	4,363	669
Total general government	<u>790,178</u>	<u>860,691</u>	<u>870,464</u>	<u>(9,773)</u>
Debt service -				
Principal retirement	12,000	13,251	10,967	2,284
Interest and fiscal charges	-	-	2,914	(2,914)
Capital outlay	10,000	972	14,298	(13,326)
Total expenditures	<u>812,178</u>	<u>874,914</u>	<u>898,643</u>	<u>(23,729)</u>
Excess (deficiency) of revenues over expenditures	1,585	(30,625)	(35,868)	(5,243)
Other financing source:				
Proceeds from capital lease obligations	-	-	13,326	13,326
Excess (deficiency) of revenues and other financing sources over expenditures	1,585	(30,625)	(22,542)	8,083
Fund balance, beginning	<u>94,312</u>	<u>94,312</u>	<u>94,312</u>	<u>-</u>
Fund balance, ending	<u>\$ 95,897</u>	<u>\$ 63,687</u>	<u>\$ 71,770</u>	<u>\$ 8,083</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 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 term of four years. The Assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The Assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and to 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 pecuniary responsible for the actions of the deputies.

The Assessor's office is located in the St. Mary Parish Courthouse in Franklin, Louisiana. The Assessor employs 24 employees, including 16 deputies. 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 by May 1 of 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.

At December 31, 2003, there are 42,684 real property and movable property assessments totaling \$133,683,847 and \$207,174,804, respectively.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority of the parish, for reporting purposes, the St. Mary Parish Council is the financial reporting entity for St. Mary Parish. The financial reporting entity consists of (a) the primary government (Parish Council), (b) the organization for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Mary Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Parish Council to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the St. Mary Parish Council provides office space to the Assessor and the significance of the relationship between the Assessor and the St. Mary Parish Council, the Assessor was determined to be a component unit of the St. Mary Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the St. Mary Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Government-Wide and Fund Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses have a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues of the St. Mary Parish Assessor include fees and charges paid by the recipients for goods or services offered by the Assessor's office such as tax roll preparation and making copies of various reports. Taxes and items not properly included among program revenues are reported as *general revenues*.

A separate financial statement is provided for the governmental fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities for the current period. For this purpose, the government considers revenues to be *available* if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Ad valorem taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Ad valorem taxes are recognized as revenues in the year in which such taxes are levied and billed to the taxpayers. Other major revenues that are considered susceptible to accrual include intergovernmental revenues and interest on investments.

The Assessor has the following fund type:

Governmental Fund—

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Assessor:

General Fund

The General Fund, as provided by Louisiana Revised Statute 47:1906, is the principal fund of the Assessor and accounts for the operation of the Assessor's office. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908 and ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. General operating expenditures are paid from this fund.

Budgets

The Assessor uses the following budget practices:

1. The Assessor prepares a proposed budget for the fiscal year prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Assessor.
6. All budgetary appropriations lapse at the end of each fiscal year.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Capital Assets

All capital assets purchased or acquired with an original cost of \$1,000 for furniture and \$5,000 for equipment or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment and Furniture	5 – 10 Years
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Deferred Revenue

Property taxes collected at December 31, 2003, that are not available to finance the operations of the current period are reported as deferred revenues and are recognized as operating revenues in the subsequent period.

Compensated Absences

Employees of the Assessor's office earn from ten to fifteen days of vacation leave each year based on length of service. Vacation leave must be used in the year earned. A maximum of six weeks of sick leave is allowed for maternity and/or surgery. Additional sick leave may be granted at the discretion of the Assessor. Sick leave is not accrued.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The St. Mary Parish Assessor uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate.

NOTE 2 LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage
Assessment District	<u>2.88</u>	<u>2.88</u>

Total taxes levied during 2003 were \$813,761. Taxes receivable at December 31, 2003 consists of \$784,257 for the 2003 assessment, of which 3.53 percent or \$27,701 is considered uncollectible.

Following are the principal taxpayers for the parish:

	<u>Type of Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
CLECO Power, LLC	Public Utility	\$ 13,142,240	3.86%
Cabot Corporation	Spec. Chemicals	6,102,156	1.79%
Cooper Cameron Corporation	Oil & Gas	5,596,208	1.64%
Bell South Communications	Telecommunications	5,134,680	1.51%
Degussa Carbon Black	Spec. Chemicals	4,865,904	1.43%
ANR Pipeline Co.	Gas Pipeline	4,587,900	1.35%
BP America Production	Oil & Gas	3,870,205	1.14%
Columbian Chemicals	Spec. Chemicals	3,773,711	1.11%
Trunkline Gas Company	Gas Pipeline	3,657,490	1.07%
Nexen Petroleum	Oil & Gas	3,361,776	0.99%
Nautilus Pipeline Co.	Gas Pipeline	2,953,095	0.87%
Teche Federal Savings	Bank	<u>2,562,083</u>	<u>0.75%</u>
		<u>\$ 59,607,448</u>	<u>17.51%</u>

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2003, the Assessor has cash and cash equivalents (book balances) totaling \$93,185 as follows:

Cash on hand	\$	100
Demand deposits		63,747
Money market accounts		<u>29,339</u>
Total		<u>\$ 93,186</u>

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 has \$120,451 in deposits (collected bank balances). These deposits are secured from risk by \$120,451 of federal deposit insurance and \$609,788 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 No. 3, R.S. 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 4 INVESTMENTS

The Assessor can invest in securities of the United States Government unless such an investment is expressly prohibited by law. The carrying amounts and approximate market values of investments are summarized as follows:

		December 31, 2003	
Description	Interest Rate	Market Value/ Carrying Amount	Cost
General Fund			
Louisiana Asset Management Pool	Various	<u>\$ 52,382</u>	<u>\$ 52,382</u>

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

In accordance with GASB Codification Section I150.165, the investment in the Louisiana Asset Management Pool (LAMP) is not categorized in the three risk categories provided by GASB Codification I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U. S. Treasury, the U. S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balance. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

NOTE 5 CAPITAL ASSETS

The following presentation restates capital assets from the general fixed asset account group:

	Equipment and Furniture
Cost at December 31, 2002 (as reported in the general fixed asset account group)	\$ 557,022
Items below the established capitalization threshold for capital assets	17,644
Cost of capital assets as restated, December 31, 2002	\$ 539,378
Current year rollforward:	
Cost at December 31, 2002	\$ 539,378
Additions	13,326
Deletions	-
Cost at December 31, 2003	552,704
Depreciation:	
Accumulated depreciation, December 31, 2002	501,927
Additions	15,191
Deletions	-
Accumulated depreciation, December 31, 2003	517,118
Capital assets, net of accumulated depreciation at December 31, 2003	\$ 35,586

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended December 31, 2003:

	Balance 12/31/2002	Additions	Deletions	Balance 12/31/2003	Due Within One Year
Capital leases payable	\$ 14,462	\$ 13,326	\$ 10,967	\$ 16,821	\$ 12,164

NOTE 7 LEASE OBLIGATIONS

The Assessor's office is the lessee of computers and other technology equipment under capital leases expiring in various years through 2006. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2003.

Minimum future lease payments under these lease agreements as of December 31, 2003 through the expiration date are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2004	\$ 12,164
2005	5,657
2006	1,846
	<u>19,667</u>
Less: Amount representing interest	2,846
	<u>\$ 16,821</u>

NOTE 8 PENSION PLAN

Plan Description -

Substantially all employees of the St. Mary Parish Assessor's office are members of the Louisiana Assessor's Retirement 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

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 PENSION PLAN (CONTINUED)

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 of 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 or amended 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 –

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary, and the St. Mary Parish Assessor is required to contribute at an actuarially determined rate. The current rate is 14.0 percent of annual covered payroll. 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 tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirement of plan members and the St. Mary 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 St. Mary Parish Assessor's contributions to the System for the years ending December 31, 2003, 2002 and 2001 were \$63,254, \$46,955 and \$27,140, respectively, equal to the required contributions for each year.

NOTE 9 EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

The Assessor's office is located in the St. Mary Parish Courthouse. The upkeep and maintenance of the courthouse is paid by the St. Mary Parish Council.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The District is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended December 31, 2003. Settled claims have not exceeded the commercial coverages in any of the previous three fiscal years.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Notes to the Financial Statements

NOTE 11 CHANGES IN ACCOUNTING PRINCIPLES

The St. Mary Parish Assessor adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

**SUPPLEMENTAL
INFORMATION**

INTERNAL CONTROL

AND

COMPLIANCE

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

The Honorable Sherel A. Martin, Jr., Assessor
St. Mary Parish Assessor
Franklin, Louisiana

We have audited the financial statements of the St. Mary Parish Assessor, as of and for the year ended December 31, 2003, and have issued our report thereon dated May 7, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the St. Mary Parish Assessor's financial statements are free of material misstatement, we 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Mary Parish Assessor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the St. Mary Parish Assessor, the St. Mary Parish Council, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Morgan City, Louisiana

May 7, 2004

OTHER SUPPLEMENTARY INFORMATION

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended December 31, 2003

There were no findings noted in the prior year.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the St. Mary Parish Assessor's financial statements as of and for the year ended December 31, 2003.

Reportable Condition – Financial Reporting

There were no reportable conditions in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

There were no material instances of noncompliance noted during the audit.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2003.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no findings noted during the audit.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At December 31, 2003, the St. Mary Parish Assessor, did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

ST. MARY PARISH ASSESSOR
Franklin, Louisiana

Management's Corrective Action Plan For Current Year Findings
Year Ended December 31, 2003

There were no findings noted during the audit.