

ST. MARY PARISH ASSESSOR

FINANCIAL REPORT

For the Year Ended December 31, 2013

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**Darnall, Sikes,
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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR’S REPORT

The Honorable Jarrod K. Longman, Assessor
St. Mary Parish Assessor
Franklin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Mary Parish Assessor (Assessor), component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Assessor’s basic financial statements 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.

Auditor’s 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

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appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Assessor as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-matter

As discussed in Note 12 to the financial statements, certain errors resulting in understatement of previously reported net position as of December 31, 2012 were discovered during the current year. Accordingly, an adjustment has been made to net position as of December 31, 2012 to correct the error. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedule of funding progress related to other postemployment benefits on pages 28 and 29 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of the Assessor'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 Assessor's internal control over financial reporting and compliance.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 23, 2014

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. MARY PARISH ASSESSOR

Statement of Net Position
December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,118,496
Investments	609,893
Taxes receivable (net of allowance for uncollectible taxes)	1,545,835
Due from others	6,120
Due from other governmental units	656
Prepaid expenses	<u>21,205</u>
Total current assets	4,302,205
Noncurrent assets	
Capital assets, net of accumulated depreciation	148,518
Deposits	<u>1,524</u>
Total noncurrent assets	<u>150,042</u>
TOTAL ASSETS	<u>\$ 4,452,247</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 4,850
Accrued liabilities	<u>2,274</u>
Total current liabilities	7,124
Long-term liabilities	
Other postemployment benefit obligation	<u>308,396</u>
TOTAL LIABILITIES	315,520
NET POSITION	
Net investment in capital assets	148,518
Unrestricted	<u>3,988,209</u>
TOTAL NET POSITION	<u>4,136,727</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,452,247</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Statement of Activities
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues	Charges for Services	Net (Expense) Revenue and Changes in Net Position	Governmental Activities
Governmental activities:					
General government	\$ 1,420,715	\$	20,616	\$	(1,400,099)
		General Revenues:			
					1,688,547
					57,524
					5,000
					3,214
					1,754,285
					354,186
					3,782,541
					\$ 4,136,727

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

ST. MARY PARISH ASSESSOR

Balance Sheet
Governmental Fund
December 31, 2013

	<u>General Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,118,496
Investments	609,893
Taxes receivable (net of allowance for uncollectible taxes)	1,545,835
Due from others	6,120
Due from other governmental units	<u>656</u>
Total current assets	4,281,000
Noncurrent assets	
Deposits	<u>1,524</u>
TOTAL ASSETS	<u>\$ 4,282,524</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Current liabilities	
Accounts payable	\$ 4,850
Accrued liabilities	<u>2,274</u>
TOTAL LIABILITIES	7,124
DEFERRED INFLOWS OF RESOURCES	52,171
Fund balance	
Unassigned	<u>4,223,229</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 4,282,524</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2013

Total fund balance - governmental fund	\$ 4,223,229
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	148,518
Prepaid expenses involve the payment of obligations that are attributable to fiscal periods beyond the end of the current fiscal year with current financial resources and, therefore, are not reported in the governmental fund.	21,205
Long-term liabilities, which include other postemployment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the governmental fund.	(308,396)
Ad valorem taxes that are not considered to be available are not current financial resources and, therefore, are not reported as revenue in the governmental fund.	<u>52,171</u>
Net position of governmental activities	<u>\$ 4,136,727</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Statement of Revenues, Expenditures, and Changes in
Fund Balance – Governmental Fund
For the Year Ended December 31, 2013

	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 1,748,353
State revenue sharing	57,524
Charges for services	20,616
Interest and investment earnings	5,000
Miscellaneous	<u>3,214</u>
Total revenues	1,834,707
Expenditures	
Current -	
General government:	
Legal and professional fees	47,536
Materials and supplies	31,759
Operating services and supplies	99,280
Personal services and related benefits	1,159,434
Travel and seminars	11,898
Capital outlays	<u>66,878</u>
Total expenditures	<u>1,416,785</u>
Net change in fund balance	417,922
Fund balance, beginning	<u>3,805,307</u>
Fund balance, ending	<u>\$ 4,223,229</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2013

Net change in fund balance - governmental fund	\$ 417,922
Amounts reported for governmental activities in the Statement of Activities are different because:	
Ad valorem taxes that are considered available provide current financial resources to governmental funds; however, in the Statement of Activities, ad valorem taxes that are not considered available are reported. This is the amount of collections of prior year unavailable ad valorem tax revenue in excess of current year unavailable ad valorem tax revenue.	(59,806)
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 and software maintenance contracts attributable to periods after December 31, 2013 are classified as prepaid expenditures in the Statement of Net Assets. This is the difference between prior year and current year accruals.	16,948
Governmental funds report capital outlays as expenditures, however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlays in excess of depreciation expense in the current year.	37,551
Other postemployment benefit obligations do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.	<u>(58,429)</u>
Change in net position of governmental activities	<u>\$ 354,186</u>

The accompanying notes are an integral part of this statement.

ST. MARY PARISH ASSESSOR

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 St. Mary Parish Assessor (Assessor) is elected by the voters of St. Mary Parish (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 pecuniarily 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 19 employees, including 18 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, 2013, there are 47,786 real property and movable property assessments totaling \$235,659,594 and \$445,414,596, respectively.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

As the governing authority for the Parish, for reporting purposes, the St. Mary Parish Council (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 organizations 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the 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. These criteria include:

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

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Council.
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 Parish Council provides office space to the Assessor and the significance of the relationship between the Assessor and the Parish Council, the Assessor was determined to be a component unit of the 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 Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Change in Accounting

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented during the year ended December 31, 2013. This GASB statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This implementation resulted in removing the line item "Deferred revenue" previously reported as a liability on the Governmental Fund Balance Sheet and creating a separate section following the Liabilities section labeled "Deferred Inflows of Resources" to record items previously reported as deferred revenue.

Government-wide and Fund Financial Statements

The statement of net position 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 having 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 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.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Ad valorem taxes are recognized as revenues in the year for which they are levied.

Governmental 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 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.

The Assessor has the following fund types:

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 is 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.

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.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

All capital assets purchased or acquired with an original cost of \$1,000 or greater for furniture and \$5,000 or greater for equipment 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:

Automobiles	5 Years
Equipment and Furniture	5 Years
Improvements	10 Years
Mapping	5 Years
Software	5 Years

Equity Classifications

Government-wide Financial Statements:

Net position represents the difference between assets and liabilities. Net position is reported in three categories, as follows:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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

Unrestricted net position – consists of the net amount of assets and liabilities that do not meet the definition of the above two components and is available for general use by the Assessor.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are classified as follows:

Non-spendable – Includes amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted – Includes amounts that can be used only under constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or under constraints that are imposed by law through constitutional provisions or enabling legislation.

Committed – Includes amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the Assessor. Commitments may be established, modified, or rescinded only through formal action of the Assessor.

Assigned – Includes amounts that are constrained by the government’s intent to be used for specific purposes but are neither restricted nor committed

Unassigned – Includes all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Assessor considers restricted net position to have been applied first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Assessor considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Assessor has provided otherwise in its commitment or assignment actions.

Deferred Inflows of Resources

Ad valorem taxes levied at December 31, 2013 that are not considered to be available to finance operations of the current period are reported as deferred inflows of resources and are recognized as operating revenues in the subsequent period.

Compensated Absences

Employees of the Assessor’s office earn from five to twenty-five 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.

Use of Estimates

The 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.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Assessor has evaluated subsequent events through June 23, 2014, the date the financial statements were available to be issued.

Net Other Postemployment Benefit Obligations

The Assessor applies the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This pronouncement requires the Assessor to calculate and recognize a net other postemployment benefit (OPEB) obligation or asset at year end. The net OPEB obligation or asset is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since January 1, 2009. See Note 8 for further details.

NOTE 2 LEVIED TAXES

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

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

Total taxes levied during 2013 were \$1,748,512. Taxes receivable at December 31, 2013 consists of \$1,567,399 for the 2013 assessment, of which 1.38 percent or \$21,564 is considered uncollectible.

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ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 2 LEVIED TAXES (CONTINUED)

Following are the principal taxpayers for the Parish:

	Type of Taxpayer	Assessed Valuation	Percentage of Total Assessed Valuation
Cameron Subsea Systems	Oil & Gas	\$ 25,814,162	4.25%
PHI, Inc.	Oil & Gas	25,515,784	4.20%
Cleco Power, LLC	Public Utility	15,419,360	2.54%
Oceaneering International, Inc.	Oil & Gas	11,194,789	1.84%
Gulfport Energy	Oil & Gas	12,861,080	2.12%
Cabot Corporation	Spec. Chemicals	10,588,717	1.74%
Apache Corporation	Oil & Gas	7,632,069	1.26%
Columbian Chemicals Co.	Spec. Chemicals	7,341,555	1.21%
Steel Service Oilfield	Oil & Gas	7,034,946	1.16%
Carey Salt Co.	Mining	<u>6,750,930</u>	<u>1.11%</u>
		<u>\$ 130,153,392</u>	<u>21.43%</u>

The total assessed valuation for all taxpayers at December 31, 2013, is \$607,130,507.

NOTE 3 CASH AND CASH EQUIVALENTS

At December 31, 2013, the Assessor has cash and cash equivalents (book balances) totaling \$2,118,496 as follows:

Demand deposits	\$ 87,698
Money market accounts	<u>2,030,798</u>
Total	<u>\$ 2,118,496</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. Louisiana Revised Statute 39:1229

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 3 CASH AND CASH EQUIVALENTS (CONTINUED)

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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Assessor’s deposits may not be returned to it. As of December 31, 2013, the Assessor’s bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's agent not in the Assessor's name	<u>\$ 1,780,798</u>
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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, 2013		
		Interest	Market Value/ Carrying	
General Fund	Description	Rate	Amount	Cost
	Louisiana Asset Management Pool	Various	\$ 609,893	\$ 609,893

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. LAMP is rated AAAM by Standard & Poor’s. 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.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 4 INVESTMENTS (CONTINUED)

LAMP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130, or by calling (800) 249-5267.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, is as follows:

	Balance 12/31/2012	Additions	Deletions	Balance 12/31/2013
Capital assets not being depreciated:				
Construction in progress	\$ 51,125	\$ -	\$ 51,125	\$ -
Capital assets being depreciated:				
Equipment	158,656	8,053	-	166,709
Automobiles	20,628	-	-	20,628
Office Improvements	38,619	5,200	-	43,819
Mapping	344,006	-	-	344,006
Software	<u>-</u>	<u>104,750</u>	<u>-</u>	<u>104,750</u>
Total capital assets being depreciated	561,909	118,003	-	679,912
Less accumulated depreciation for:				
Equipment	157,780	1,278	-	159,058
Automobiles	7,738	4,126	-	11,864
Office Improvements	5,529	4,122	-	9,651
Mapping	331,020	12,986	-	344,006
Software	<u>-</u>	<u>6,815</u>	<u>-</u>	<u>6,815</u>
Total accumulated depreciation	<u>502,067</u>	<u>29,327</u>	<u>-</u>	<u>531,394</u>
Capital assets being depreciated, net	<u>59,842</u>	<u>88,676</u>	<u>-</u>	<u>148,518</u>
Capital assets, net	<u>\$ 110,967</u>	<u>\$ 88,676</u>	<u>\$ 51,125</u>	<u>\$ 148,518</u>

NOTE 6 DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2013, consist of the following:

Mapping project reimbursement:

 Recreation District # 2 \$ 656

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN

Plan Description –

Substantially all employees of the Assessor's office are members of the Louisiana Assessors' Retirement Fund (Fund), 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 Fund. Employees who retire at or after age 55 with at least 12 years of creditable service or employees who retire with at least 30 years of creditable service are entitled to a retirement benefit payable throughout life. Any member whose first employment making him eligible for membership in the Fund began on or before September 30, 2006, shall be paid a monthly sum equal to three and one-third percent of the highest monthly average final compensation received during any thirty-six consecutive months while employed in an assessor's office or other creditable employment times the number of years of the member's creditable service not to exceed one hundred percent of the member's monthly average final compensation, after taking into account the reduction arising from any optional retirement selected. Any member whose first employment making him eligible for membership in the Fund began on or after October 1, 2006, shall be paid a monthly sum equal to three and one-third percent of the highest monthly average final compensation received during any sixty consecutive months while employed in an assessor's office or other creditable employment times the number of years of the member's creditable service not to exceed one hundred percent of the member's monthly average final compensation after taking into account the reduction arising from any optional retirement selected. The Fund also provides death and disability benefits. Benefits are established or amended by state statute.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

Funding Policy –

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary, and the Assessor is required to contribute at an actuarially determined rate. The current rate is 13.5 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 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 contributions to the System for the years ended December 31, 2013, 2012, and 2011 were \$146,148; \$143,093; and \$140,490; respectively. In 2013, 2012, and 2011, the Assessor

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 7 PENSION PLAN (CONTINUED)

elected to make the required contributions of plan members in lieu of a pay raise. The contributions made on behalf of eligible employees in 2013, 2012, and 2011 were \$54,381, \$53,244, and \$52,275, respectively, and were equal to the required contributions for each year.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year in which it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended December 31, 2009, the Assessor recognizes the cost of postemployment healthcare in the year in which the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Assessor's future cash flows. Because the Assessor adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2009 liability.

Plan Description

The Assessor provides continuation of healthcare benefits and life insurance to those retired employees who reached the normal retirement age while employed by the Assessor. The plan is a cost sharing, multiple-employer qualified defined benefit insurance plan administered by the Insurance Committee of the Assessors' Insurance Fund dba Louisiana Assessors' Association. The Insurance Committee of the Assessors' Insurance Fund has the authority to establish and amend the benefit provisions of the plan. The plan issues a publicly available financial report. That report may be obtained by writing to Louisiana Assessors' Insurance Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (800) 925-4446.

Funding Policy

The Assessor pays half of the monthly premiums for medical and dental benefits and the retiree pays the other half of the monthly premiums. The Assessor recognizes the cost as an expenditure when paid during the year. The benefits are financed on a pay-as-you-go basis.

Annual Other Postemployment Benefit Cost

The Assessor's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following table shows the components of the Assessor's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Assessor's net OPEB obligation:

Annual required contribution	\$ 90,044
Interest on prior year net OPEB asset	9,999
Adjustment to annual required contribution	<u>(15,308)</u>
Annual OPEB cost (expense)	84,735
Less contributions made	<u>26,306</u>
Change in net OPEB obligation	58,429
Net OPEB obligation - beginning of year	<u>249,967</u>
Net OPEB obligation - end of year	<u>\$ 308,396</u>

The Assessor's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net Ending OPEB Obligation
12/31/2011	\$ 90,951	37.7%	\$ 184,816
12/31/2012	86,119	24.4%	249,967
12/31/2013	84,735	31.1%	308,396

Funded Status and Funding Progress

The funded status of the plan as of December 31, 2013, is as follows:

Actuarial accrued liability (AAL)	\$ 853,005
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 853,005</u>
Funded ratio (actuarial value of plan assets / AAL)	0.00%
Covered payroll (active plan members)	\$ 662,174
UAAL as a percentage of covered payroll	128.82%

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values which the Assessor's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

In the January 1, 2013 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions utilized a 4.0% discount rate. The valuation assumes medical cost inflation of 5.9% for 2013 trending upward to 6.1% in 2015 then beginning a downward trend to 4.6% after the sixty-ninth year and dental cost inflation of 5.62% for 2013 trending downward to 3.92% after the sixty-ninth year.

NOTE 9 OPERATING LEASES

The Assessor entered into a 23-month cancelable lease agreement for the satellite office located in Morgan City commencing on February 1, 2012. Monthly rent expense is \$400 due in advance on an annual basis of \$4,800 per year. The rent expense for January 1, 2013 through December 31, 2013 was \$4,800. At the expiration of the lease on December 31, 2013, the Assessor exercised its option to renew the lease for a one-year term under the same terms and conditions.

ST. MARY PARISH ASSESSOR

Notes to the Financial Statements

NOTE 9 OPERATING LEASES (CONTINUED)

The Assessor entered into a 60-month cancelable vehicle lease for \$820 per month beginning on December 8, 2011. Payments on this lease totaling \$8,203 were made during the year ended December 31, 2013. The lease was cancelled October 31, 2013.

The Assessor entered into a 60-month cancelable vehicle lease for \$982 per month beginning on October 31, 2013. Payments on this lease totaling \$2,946 were made during the year ended December 31, 2013.

NOTE 10 EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

Louisiana Revised Statute 33:4713 requires the St. Mary Parish Government to provide the Assessor with all necessary office space, utilities, furniture, equipment, supplies, and maps. The Assessor's office is located in the St. Mary Parish Courthouse. The maintenance of the courthouse is paid by the St. Mary Parish Government.

NOTE 11 RISK MANAGEMENT

The Assessor 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 Assessor has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The Assessor is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2013. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

NOTE 12 PRIOR-PERIOD ADJUSTMENT

The prior year ad valorem tax roll was used to record prior year taxes receivable and deferred revenues. Significant adjustments were made to the prior year ad valorem tax roll, and those changes were not available at the time that the financial statements were issued. As a result, it was determined that taxes receivable were overstated by \$414,421 for the year ended December 31, 2012.

In order to correct the error identified in the preceding paragraph, beginning net position for governmental activities of \$4,196,962, as originally reported, has been decreased to \$3,782,541.

REQUIRED SUPPLEMENTARY INFORMATION

ST. MARY PARISH ASSESSOR

Budgetary Comparison Schedule – General Fund
For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 1,923,238	\$ 1,748,535	\$ 1,748,353	\$ (182)
State revenue sharing	58,000	57,704	57,524	(180)
Charges for services	-	7,350	20,616	13,266
Interest and investment earning	9,500	8,202	5,000	(3,202)
Miscellaneous	<u>6,000</u>	<u>7,644</u>	<u>3,214</u>	<u>(4,430)</u>
Total revenues	1,996,738	1,829,435	1,834,707	5,272
Expenditures				
Current -				
General government:				
Taxation -				
Legal and professional fees	75,000	43,399	47,536	(4,137)
Materials and supplies	56,500	51,212	31,759	19,453
Operating services and supplies	171,200	187,490	99,280	88,210
Personal services and related benefits	1,159,993	1,106,900	1,159,434	(52,534)
Travel and seminars	15,000	10,412	11,898	(1,486)
Capital outlays	<u>30,000</u>	<u>2,500</u>	<u>66,878</u>	<u>(64,378)</u>
Total expenditures	<u>1,507,693</u>	<u>1,401,913</u>	<u>1,416,785</u>	<u>(14,872)</u>
Net change in fund balance	489,045	427,522	417,922	(9,600)
Fund balance, beginning	<u>3,805,307</u>	<u>3,805,307</u>	<u>3,805,307</u>	<u>-</u>
Fund balance, ending	<u>\$ 4,294,352</u>	<u>\$ 4,232,829</u>	<u>\$ 4,223,229</u>	<u>\$ (9,600)</u>

ST. MARY PARISH ASSESSOR

Schedule of Funding Progress – Other Postemployment Benefits
For the Year Ended December 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as Percentage of Covered Payroll
1/1/2011	\$ -	\$ 1,012,232	\$ 1,012,232	0.00%	\$ 598,498	169.13%
1/1/2012	-	853,005	853,005	0.00%	608,661	140.14%
1/1/2013	-	853,005	853,005	0.00%	662,174	128.82%

ST. MARY PARISH ASSESSOR

Note to the Required Supplementary Information

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The Assessor uses the following budgetary practices:

1. A proposed budget for the fiscal year is prepared prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is 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.
4. After a public hearing is held and all action necessary to finalize and implement the budget is completed, 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.

**INTERNAL CONTROL
AND
COMPLIANCE**



**Darnall, Sikes,
Gardes & Frederick.**

(A Corporation of Certified Public Accountants)

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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*

The Honorable Jarrod K. Longman, Assessor
St. Mary Parish Assessor
Franklin, 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 and the major fund of the St. Mary Parish Assessor (Assessor), a component unit of the St. Mary Parish Council, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements, and have issued our report thereon dated June 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Assessor'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 Assessor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control.

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. 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Assessor's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Darnall, Sikes, Gardes & Frederick
(A Corporation of Certified Public Accountants)

Morgan City, Louisiana
June 23, 2014

ST. MARY PARISH ASSESSOR

Summary Schedule of Prior Year Findings
For the Year Ended December 31, 2013

There were no findings noted during the prior year audit.

ST. MARY PARISH ASSESSOR

Schedule of Findings and Responses
For the Year Ended December 31, 2013

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on the St. Mary Parish Assessor's financial statements as of and for the year ended December 31, 2013.

Internal Control Deficiency – Financial Reporting

There were no significant deficiencies 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, 2013.

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, 2013, 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

Management's Corrective Action Plan for Current Year Findings
For the Year Ended December 31, 2013

There were no findings noted during the audit.