

# **ST. TAMMANY PARISH ASSESSOR**

Annual Financial Statements

December 31, 2017



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## Independent Auditor's Report

To the Honorable Louis Fitzmorris  
St. Tammany Parish Assessor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Tammany Parish Assessor (the Assessor) as of and for the year ended December 31, 2017, 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 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.

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## **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, 2017, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the budgetary comparison information on page 39, the supplementary schedules required by Governmental Accounting Standards Board Statement No. 68 on pages 40 and 41, and the schedule of funding progress on page 42 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Assessor's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A (3), is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018, on our consideration of the St. Tammany Parish Assessor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
June 21, 2018

**REQUIRED SUPPLEMENTARY INFORMATION (PART I)**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## ST. TAMMANY PARISH ASSESSOR

### Management's Discussion and Analysis

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The Management's Discussion and Analysis (MD&A) of the St. Tammany Parish Assessor's (the Assessor) financial statements presents a narrative overview and analysis of the Assessor's financial activities for the year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

### FINANCIAL HIGHLIGHTS

The minimum requirements for financial reporting on the St. Tammany Parish Assessor's financial statements that were established by GASB No. 34 are divided into the following sections:

- (a) Management's Discussion and Analysis
- (b) Basic Financial Statements
- (c) Required Supplementary Information (Other than MD&A)
- (d) Other Supplementary Information

### Basic Financial Statements

The basic financial statements present information for the Assessor as a whole, in a format designed to make the statements easier for the reader to understand. The financial statements in this section are divided into the two following types:

- (1) Government-wide financial statements, which include a statement of net position and a statement of activities. These statements present information for all activities of the Assessor from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the Assessor's overall financial status.
- (2) Fund financial statements, which include a balance sheet and a statement of revenues, expenditures, and changes in fund balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the Assessor allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements are dependent on the fund type. The Assessor's only governmental fund is the General Fund.

# ST. TAMMANY PARISH ASSESSOR

## Management's Discussion and Analysis

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### FINANCIAL ANALYSIS OF THE ASSESSOR

#### Condensed Statements of Net Position As of December 31, 2017 and 2016

	2017	2016
Current Assets	\$ 7,115,806	\$ 6,920,333
Capital Assets	79,351	90,305
<b>Total Assets</b>	<b>7,195,157</b>	<b>7,010,638</b>
Deferred Outflows of Resources	832,505	976,178
<b>Total Deferred Outflows of Resources</b>	<b>832,505</b>	<b>976,178</b>
Current Liabilities	187,359	156,298
Noncurrent Liabilities	4,721,772	5,711,035
<b>Total Liabilities</b>	<b>4,909,131</b>	<b>5,867,333</b>
Deferred Inflows of Resources	838,732	229,735
<b>Total Deferred Inflows of Resources</b>	<b>838,732</b>	<b>229,735</b>
Net Position		
Net Investment in Capital Assets	79,351	90,305
Unrestricted	2,200,448	1,799,443
<b>Total Net Position</b>	<b>\$ 2,279,799</b>	<b>\$ 1,889,748</b>

The Assessor does not have any "restricted" net position. It does have "unrestricted" net position, which is net position that does not have any limitations on what these amounts may be used for.

Net position of the Assessor's office increased by \$390,051, or 21%, from the prior year. This increase was mostly due to a decrease in net other postemployment benefit obligation expenditures.

At December 31, 2017, the Assessor's governmental fund reported an ending fund balance of \$6,738,383. Compared to the prior year, the fund balance increased by \$315,389, due primarily to contributions from St. Tammany Parish and ad valorem taxes.

## ST. TAMMANY PARISH ASSESSOR

### Management's Discussion and Analysis

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#### Condensed Statements of Activities For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues	\$ 6,499,749	\$ 6,810,040
Expenditures	(6,109,698)	(6,020,944)
<b>Change in Net Position</b>	<b>\$ 390,051</b>	<b>\$ 789,096</b>

The Assessor's total revenues decreased by \$310,291, or 5%, which was mostly due to a decrease in operating grants and contributions. Total expenditures decreased by \$88,754, or 1%, due primarily to a decrease in net other postemployment benefit obligation expenditures.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At December 31, 2017, the Assessor had \$79,351 invested in capital assets, including office furniture and equipment and vehicles. This amount represents the total original cost of the capital assets, less accumulated depreciation on those assets. The table below lists capital assets and accumulated depreciation:

#### Capital Assets December 31, 2017 and 2016

	2017	2016
Office Furniture and Equipment	\$ 466,268	\$ 440,140
Vehicles	139,747	175,528
	<b>606,015</b>	<b>615,668</b>
Less: Accumulated Depreciation	(526,664)	(525,363)
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 79,351</b>	<b>\$ 90,305</b>

##### Debt Administration

The Assessor had no debt outstanding at year-end.

## **ST. TAMMANY PARISH ASSESSOR**

### **Management's Discussion and Analysis**

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#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The Assessor considered the following factors and indicators when setting up next year's budget: (1) the consistency of revenues to be received from the collection of ad valorem taxes and state revenue sharing; (2) additional salaries and related costs due to increases in health care, retirement contributions, and other salary-related benefits and costs; and (3) operating expenses of the office incurred in the process of providing services to the public. The Assessor expects that next year's revenues, plus existing available net position carried forward from the previous year, will be sufficient to cover its expenses throughout the year.

#### **CONTACTING THE ASSESSOR**

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors with a general overview of the Assessor's finances, and to show the Assessor's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Mr. Louis Fitzmorris, St. Tammany Parish Assessor, St. Tammany Parish Courthouse, 701 North Columbia Street, Covington, Louisiana 70433, or call the office at 985-809-8180.

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH ASSESSOR**  
**Statement of Net Position**  
**December 31, 2017**

	<b>Governmental Activities</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 1,953,852
Investments - Louisiana Asset Management Pool	173,271
Receivables	
Ad Valorem Taxes, Net	4,785,089
State Revenue Sharing	71,802
Other	51,388
Prepaid Expenses	80,404
	<hr/>
<b>Total Current Assets</b>	<b>7,115,806</b>
<b>Noncurrent Assets</b>	
Capital Assets, Net of Accumulated Depreciation	79,351
	<hr/>
<b>Total Assets</b>	<b>7,195,157</b>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows on Pension Obligation	832,505
	<hr/>
<b>Total Deferred Outflows of Resources</b>	<b>832,505</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	82,058
Accrued Payroll	105,301
	<hr/>
<b>Total Current Liabilities</b>	<b>187,359</b>
<b>Long-Term Liabilities</b>	
Net Other Postemployment Benefit Obligation (OPEB)	3,534,060
Net Pension Liability	1,019,130
Accrued Annual Leave Payable	168,582
	<hr/>
<b>Total Long-Term Liabilities</b>	<b>4,721,772</b>
	<hr/>
<b>Total Liabilities</b>	<b>4,909,131</b>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows on Pension Obligation	838,732
	<hr/>
<b>Total Deferred Inflows of Resources</b>	<b>838,732</b>
<b>Net Position</b>	
Net Investment in Capital Assets	79,351
Unrestricted	2,200,448
	<hr/>
<b>Total Net Position</b>	<b>\$ 2,279,799</b>
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The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH ASSESSOR**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

	<b>Governmental Activities</b>
<b>Program Expenses</b>	
General Government	
Salaries and Related Expenses	\$ 4,829,923
Professional Services	833,332
Operating Services	330,052
Education	50,429
Depreciation Expense	37,082
Net Other Postemployment Benefit Obligation (OPEB)	28,880
	<hr/>
<b>Total Program Expenses</b>	<b>6,109,698</b>
	<hr/>
<b>Program Revenues</b>	
Operating Grants and Contributions	768,549
	<hr/>
<b>Net Program Expense</b>	<b>5,341,149</b>
	<hr/>
<b>General Revenues</b>	
Ad Valorem Taxes, Net	5,062,313
Contributions from St. Tammany Parish, Louisiana	409,295
State Revenue Sharing	107,993
Other	82,310
Interest Earnings	69,289
	<hr/>
<b>Total General Revenues</b>	<b>5,731,200</b>
	<hr/>
<b>Change in Net Position</b>	<b>390,051</b>
	<hr/>
<b>Net Position, Beginning of Year</b>	<b>1,889,748</b>
	<hr/>
<b>Net Position, End of Year</b>	<b>\$ 2,279,799</b>
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The accompanying notes are an integral part of these financial statements.

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS  
GOVERNMENTAL FUND**

**ST. TAMMANY PARISH ASSESSOR**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2017**

	<b>General Fund</b>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 1,953,852
Investments - Louisiana Asset Management Pool	173,271
Receivables	
Ad Valorem Taxes, Net	4,785,089
State Revenue Sharing	71,802
Other	51,388
Prepaid Expenses	<u>80,404</u>
<b>Total Assets</b>	<b><u>\$ 7,115,806</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 82,058
Accrued Payroll	<u>105,301</u>
<b>Total Liabilities</b>	<b><u>187,359</u></b>
<b>Deferred Inflows of Resources</b>	
Unavailable Ad Valorem Taxes	<u>190,064</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>190,064</u></b>
<b>Fund Balance</b>	
Nonspendable Amounts	
Not in Spendable Form	80,404
Unassigned	<u>6,657,979</u>
<b>Total Fund Balance</b>	<b><u>6,738,383</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 7,115,806</u></b>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH ASSESSOR**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to the Statement of Net Position**  
**December 31, 2017**

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<b>Total Fund Balance - Governmental Fund</b>	<b>\$ 6,738,383</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. This amount represents capital assets, net of accumulated depreciation.	79,351
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Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	190,064
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The Assessor follows the requirements of GASB Statement No. 68, which provides for the recognition of pension obligations. This includes the recognition of related deferred outflows of resources and deferred inflows of resources.	(6,227)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:

Net Other Postemployment Benefit Obligation (OPEB)	(3,534,060)
Net Pension Liability	(1,019,130)
Accrued Annual Leave Payable	(168,582)

<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 2,279,799</u></b>
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The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH ASSESSOR**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**For the Year Ended December 31, 2017**

	<b>General Fund</b>
<b>Revenues</b>	
Ad Valorem Taxes, Net	\$ 5,213,290
Contributions from St. Tammany Parish, Louisiana	409,295
State Revenue Sharing	107,993
Other	82,310
Interest Earnings	69,289
	<hr/>
<b>Total Revenues</b>	<b>5,882,177</b>
<b>Expenditures</b>	
Salaries and Related Expenditures	4,326,847
Professional Services	833,332
Operating Services	356,180
Education	50,429
	<hr/>
<b>Total Expenditures</b>	<b>5,566,788</b>
<b>Net Change in Fund Balance</b>	<b>315,389</b>
<b>Fund Balance, Beginning of Year</b>	<b>6,422,994</b>
	<hr/>
<b>Fund Balance, End of Year</b>	<b>\$ 6,738,383</b>
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The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH ASSESSOR**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance of the Governmental Fund to the**  
**Statement of Activities**  
**For the Year Ended December 31, 2017**

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<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$ 315,389</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	(10,954)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Change in Unavailable Ad Valorem Taxes	(150,977)
Contributions Made to the Retirement Plan by Other Governments	768,549

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:

Accrued Annual Leave Payable	(15,451)
Change in the Net Pension Liability and Related Deferred Amounts	(487,625)
Change in the Other Postemployment Benefit Obligation (OPEB)	<u>(28,880)</u>

<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 390,051</u></b>
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The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Introduction

As provided by Article VII, Section 24, of the Louisiana Constitution of 1974, the Assessor is elected by the voters of the parish and serves a four year term. The Assessor assesses all real and movable property in the parish subject to ad valorem taxation. The Assessor is authorized to appoint as many deputies as may be necessary for 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 St. Tammany Parish Assessor (the Assessor) has an office in Covington and an office in Slidell within St. Tammany Parish, Louisiana (the Parish). In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing for the tax year and submits the list to the Parish governing authority and the Louisiana Tax Commission, as prescribed by state law. Once the assessment listing is approved, the Assessor submits the assessment roll to the Parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies located in the Parish.

#### Reporting Entity

For financial reporting purposes, in conformity with Governmental Accounting Standards Board Codification Section 2100, the Assessor is an independently elected official who operates his office without oversight responsibility to the Parish. Louisiana Revised Statutes give each Assessor control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for funding deficits and operating deficiencies, and fiscal management for controlling the collection and disbursement of funds.

Therefore, the Assessor reports as an independent reporting entity and the financial statements include only the transactions of the St. Tammany Parish Assessor. Furthermore, the Parish does not include the Assessor as a component unit in its comprehensive annual financial report.

#### Basis of Presentation

The accompanying basic financial statements of the Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (LRS) 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Basis of Presentation (Continued)**

The Assessor's basic financial statements include both government-wide and fund financial statements. The Assessor currently has only one fund, the General Fund, which is reported as a governmental activity.

##### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the governmental activities using the full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of the Assessor's primary function are offset by program revenues. Direct expenses are those that are clearly identifiable to the Assessor program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the Assessor program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the Assessor program. Taxes and other items not considered program revenues are reported as general revenues.

The Assessor uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by separate transactions related to certain Assessor functions and activities. A fund is a segregating fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The General Fund is the primary operating and sole fund of the Assessor. It accounts for all the financial transactions and is classified as a governmental fund type. The focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position rather than upon net income.

##### **Measurement Focus/Basis of Accounting**

The governmental activities in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues and grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Measurement Focus/Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Assessor considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on any general long-term debt, which would be recognized when payment is due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Assessor.

##### Budgets

The original budget for the year ended December 31, 2017 was made available for public inspection at the Assessor's office and advertised on October 20, 2016. The original budget was subsequently adopted on November 10, 2016, after a public hearing on that day.

All budgets were prepared on the modified accrual basis of accounting. The Assessor reserves all authority to make changes to the budget. Formal budget integration within the accounting records is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments. All appropriations contained in the budget lapse at year end.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Cash, Cash Equivalents, and Investments**

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments are reported at fair value, with some exceptions, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 requires governments to use valuation techniques in assessing fair value and establishes a hierarchy of three levels used to categorize the inputs that are used to measure fair value.

See Note 2 for more information on the Assessor's investments.

##### **Receivables**

Receivables are made up of revenues from ad valorem taxes, state revenue sharing, and city tax bills. The allowance for uncollectible amounts was \$105,110, which represents 2% of the total ad valorem tax receivable at December 31, 2017. This estimate is based on the Assessor's history of collections within this revenue stream.

##### **Prepaid Expenses**

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid expenses and are accounted for on the consumption method.

##### **Capital Assets**

Capital assets, which include vehicles and office furniture and equipment, are reported in the government-wide financial statements. Capital assets are recorded at historical cost, or estimated cost if historical cost is not available. Donated assets are recorded at their estimated fair market value at the date of donation. Depreciation of all exhaustible capital assets is charged as an expense against the Assessor's operations. In the fund financial statements, capital assets are accounted for as capital outlay expenditures upon acquisition.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, if applicable. The Assessor capitalizes all vehicles and office furniture and equipment in excess of \$1,000. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Capital Assets (Continued)

The following estimated useful lives and methods are used to compute depreciation:

Vehicles	5 Years	Straight-Line
Office Furniture and Equipment	5 Years	Straight-Line

Depreciation expense amounted to \$37,082, for the year ended December 31, 2017.

#### Annual Leave

Effective May 1, 2013, the Assessor implemented a personal time off (PTO) policy which is a combination of vacation and sick time made available to full time employees. PTO is accrued at a rate based on years of service. All PTO above 105 hours should be used within the fiscal year earned. Anything greater than 105 hours will be forfeited. Upon termination, resignation, or retirement, employees will be paid for all accumulated PTO.

At December 31, 2017, the Assessor had accrued annual leave payable of \$168,582, which has been reported on the statement of net position

#### Equity Classifications

Government-wide net position is divided into three components:

1. *Net Investment in Capital Assets* - Consists of the historical cost of capital assets including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. *Restricted* - Consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted* - All other net position is reported in this category.

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

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Equity Classifications (Continued)

3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the Assessor. The Assessor is the highest level of decision making authority for the Assessor's office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Assessor.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Under the Assessor's adopted policy, only the Assessor may assign amounts for specific purposes.
5. *Unassigned* - All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Assessor considers restricted funds to have been spent 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 his commitment or assignment actions.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Assessor has the following items that are reported as deferred outflows/inflows of resources: deferred outflows/inflows of resources related to pensions and unavailable revenue. Unavailable revenue arises only under a modified accrual basis of accounting, so it is reported only on the governmental fund balance sheet.

#### Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Assessors' Retirement Fund (the Fund) and additions to/deductions from the Fund's fiduciary net position have been determined on the same basis as they are reported by the Fund. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### **Adoption of New Accounting Principles**

During the year ended December 31, 2017, the Assessor adopted GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of GASB 82 is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan members) contribution requirements.

During the year ended December 31, 2017, the Assessor adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of GASB 79 is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The external investment pool the Assessor participates in reports its investments at fair value; therefore GASB 79 had no impact on the Assessor.

##### **New Accounting Pronouncements**

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in June 2015. This Statement addresses accounting and financial reporting issues for OPEB that is provided to the employees of state and local governmental employers. This Statement sets standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement will be effective for the Assessor for the fiscal year ending December 31, 2018.

The GASB issued Statement No. 85, *Omnibus 2017*, in March 2017. The objective of GASB 85 is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management is still evaluating the potential impact of adoption on the Assessor's financial statements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017.

The GASB issued statement No. 87, *Leases*, in June 2017. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement will be effective for the Assessor for the fiscal year ending December 31, 2020.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 2. Cash and Cash Equivalents

At December 31, 2017, the carrying amounts (book balances) of all cash and cash equivalents of the Assessor were as follows:

Demand Deposits	<u>\$ 1,953,852</u>
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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, 2017, \$1,847,130 of the Assessor's bank balance of \$2,097,130 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Assessor that the fiscal agent has failed to pay deposited funds upon demand.

#### Note 3. Investments

At December 31, 2017, the Assessor had investments of \$173,271 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LRS 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 3. Investments (Continued)

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- *Credit risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days, or two years (762 days) for U. S. Government floating/variable rate investments. The WAM for LAMP's total investments was 43, as of December 31, 2017.
- *Foreign currency risk:* Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

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

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

#### Note 4. Levied Taxes

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

	Maximum Millage	Levied Millage
Operations	2.73	2.60

**ST. TAMMANY PARISH ASSESSOR**

**Notes to Financial Statements**

**Note 4. Levied Taxes (Continued)**

The following are the principal taxpayers for the Parish:

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2017 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Cleco, Corp	Utility	\$ 49,843,670	1.97%
Florida Marine Transporters	Transportation	16,699,250	0.66%
AT&T	Telephone	12,551,030	0.50%
Associated Wholesale Grocers	Grocery Distributor	11,865,840	0.47%
Chevron USA	Oil	11,427,970	0.45%
<b>Total</b>		<b>\$ 102,387,760</b>	<b>4.05%</b>

The total assessed valuation for all taxpayers at December 31, 2017, was \$2,529,120,489. This figure was used in calculating the percentage of the "assessed valuation of each of the five largest taxpayers" listed above to the "total assessed valuation for all taxpayers."

**Note 5. Capital Assets**

The following is a summary of the changes in capital assets for the year ended December 31, 2017:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Capital Assets Being Depreciated</b>				
Vehicles	\$ 175,528	\$ -	\$ (35,781)	\$ 139,747
Office Furniture and Equipment	440,140	26,128	-	466,268
<b>Total Capital Assets Being Depreciated</b>	<b>615,668</b>	<b>26,128</b>	<b>(35,781)</b>	<b>606,015</b>
<b>Less Accumulated Depreciation for:</b>				
Vehicles	(175,528)	-	35,781	(139,747)
Office Furniture and Equipment	(349,835)	(37,082)	-	(386,917)
<b>Total Accumulated Depreciation</b>	<b>(525,363)</b>	<b>(37,082)</b>	<b>35,781</b>	<b>(526,664)</b>
<b>Capital Assets, Net</b>	<b>\$ 90,305</b>	<b>\$ (10,954)</b>	<b>\$ -</b>	<b>\$ 79,351</b>

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 6. Pension Plan

#### Plan Description

Substantially all employees of the St. Tammany Parish Assessor's office are members of the Louisiana Assessors' Retirement System (the 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 sixty 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 were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service. Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service, not to exceed 100% of final compensation. Employees who became members on or after October 1, 2006 will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. The System also provides death and disability benefits. Benefits are established by state statute.

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

#### Funding Policy

For the entire year, plan members (employees) were required by state law to contribute 8.0% of their annual covered salary into the System. For the period January 1, 2017 to September 30, 2017, the Assessor (employer) was required to contribute 10.0% of an employee's annual covered payroll into the System. For the period October 1, 2017 to December 31, 2017, the Assessor was required to contribute 8.0%. 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 appropriated by the legislature. The contribution requirements 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 (employer) portion of contributions to the System for the years ended December 31, 2017, 2016, and 2015, was \$245,507, \$309,833, and \$319,304, respectively. These amounts equaled the required contributions for those years.

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 6. Pension Plan (Continued)

#### Funding Policy (Continued)

In addition, the Assessor paid the entire portion of employees' annual contributions to the System for the years ended December 31, 2017, 2016, and 2015, and the amounts were \$205,992, \$195,510, and 189,217, respectively. These amounts equaled the required contribution amounts for those years.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Assessor reported a liability of \$1,019,130 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and was determined by actuarial valuation as of that date. The Assessor's proportion of the net pension liability was based on a projection of the Assessor's long-term share of contributions to the pension plan relative to the projected contributions of all members, actuarially determined. At September 30, 2017, the Assessor's proportion was 5.8079592%.

For the year ended December 31, 2017, the Assessor recognized pension expense of \$939,124. At December 31, 2017, the Assessor reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 113,594	\$ 319,969
Changes in Assumptions	637,406	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	394,368
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions		
Changes in Proportion	31,328	124,395
Differences in Contributions	2,249	
Assessor Contributions Subsequent to the Measurement Date	47,928	-
	<u>\$ 832,505</u>	<u>\$ 838,732</u>

In the year ending December 31, 2018, \$47,928 reported as deferred outflows of resources related to pensions resulting from the Assessor's contributions subsequent to the measurement date will be recognized.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 6. Pension Plan (Continued)

##### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense for the years ending December 31, as follows:

2018	\$ 61,252
2019	113,158
2020	(180,949)
2021	(107,483)
2022	59,867
<b>Total</b>	<b>\$ (54,155)</b>

##### **Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining net pension liability as of December 31, 2017, is as follows:

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.75% (Net of Investment Expense, Including Inflation)
Inflation Rate	2.50%
Expected Remaining Service Lives	6 Years
Salary Increases	5.75%
Annuitant and Beneficiary Mortality	RP 2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and females.
Active Members Mortality	RP-2000 Employee Table set back four years for males and three years for females.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females.

The current year actuarial assumptions utilized in this note are based on the assumptions used in the September 30, 2017 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial expense study for the period July 1, 2009 - June 30, 2014, unless otherwise specified in this note. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. All assumptions selected were determined to be reasonable and represent expectations of future experience for the System.

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 6. Pension Plan (Continued)

#### Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017, are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Investments	6.24%

The long-term expected rate of return selected by the System was 6.75%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 6.75%.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) the difference between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 6 years.

# ST. TAMMANY PARISH ASSESSOR

## Notes to Financial Statements

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### Note 6. Pension Plan (Continued)

#### Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Assessor using the discount rate of 6.75% as well as what the liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Assessor's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,455,894	\$ 1,019,130	\$ (1,069,825)

### Note 7. Long-Term Liabilities

#### Other Postemployment Benefit Obligations (OPEB)

Plan Description: The Assessor administers and contributes to a defined benefit health, dental, and life insurance plan for retirees and active employees, as authorized by the Assessor. The plan provides lifetime health, dental, and life insurance for retirees and for full-time employees that retire at age 55 or older with 12 years of service or have 30 years of service at any age. The Assessor has coverage through the Louisiana Assessors' Insurance Fund. No separate financial statements are available for the Assessor's plan.

The Assessor implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. By adopting the requirements of GASB Statement No. 45, the Assessor recognizes the cost of postemployment benefits in the year when employee services are rendered and provides information useful in assessing potential demands on the Assessor's future cash flows. Because the Assessor has 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.

Funding Policy: The Assessor contributes 100% of the costs of the current year's health, dental, and life insurance premiums for eligible retired employees only, but does not pay for spouse or dependent coverage. The Assessor finances its plan on a pay-as-you-go basis; therefore, no funds are reserved for payment of future health insurance premiums. For the year ended December 31, 2017, the Assessor contributed \$112,477 to the plan on behalf of the retirees.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 7. Long-Term Liabilities (Continued)

##### Other Postemployment Benefit Obligations (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation: The Assessor's annual other post-employment benefit is calculated based on the annual required contribution (ARC). The Assessor has elected to calculate the ARC and related information using the "unit credit actuarial cost method." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. 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 to the plan:

Annual Required Contribution	\$ 243,704
Interest on Prior Year Net OPEB Obligation	140,207
Adjustments to Annual Required Contribution	<u>(242,554)</u>
Annual OPEB Cost	141,357
Contributions Made	<u>(112,477)</u>
Increase in Net OPEB Obligation	28,880
Net OPEB Obligation, Beginning of Year	<u>3,505,180</u>
Net OPEB Obligation, End of Year	<u>\$ 3,534,060</u>

The Assessor's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year were \$141,357, 80%, and \$3,534,060, respectively.

Funded Status and Funding Progress: As of December 31, 2017, the actuarial accrued liability for benefits was \$1,909,923, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,578,770, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 74%.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of a plan and the employer's annual required contributions are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 7. Long-Term Liabilities (Continued)

##### **Other Postemployment Benefit Obligations (OPEB) (Continued)**

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 the calculations.

The following simplifying assumptions were made:

In addition to the actuarial method used, actuarial cost estimates depend to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. In the current valuation, the actuarial assumptions used for the calculation of costs and liabilities are as follows:

##### *Measurement Date*

Benefit liabilities are valued as of January 1, 2017.

##### *Discount Rate for Valuing Liabilities*

4.00% per annum, compounded annually.

##### *Mortality Rates*

Males: Adjusted RP-2014 Healthy Annuitant Table for Males with Mortality Improvement Scale MP-2017

Females: Adjusted RP-2014 Healthy Annuitant Table for Females with Mortality Improvement Scale MP-2017

##### *Withdrawal Rates*

The rates for both males and females decrease in range from 12% for participants with less than one year of service to 1% for those with 16 or greater years of service.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 7. Long-Term Liabilities (Continued)

##### Other Postemployment Benefit Obligations (OPEB) (Continued)

###### *Disability Rates*

The rates for both males and females increase in range from .006% for participants aged 25 up to .195% for participants aged 65.

###### *Retirement Rates*

The rates for both males and females increase in range from 22% for participants aged 46 to 49 up to 100% for those aged 66 or greater.

###### *Participant Assumption*

100% of participants are assumed to elect retiree medical, dental, and life coverage upon retirement.

###### *Marriage Assumption*

For actives, it is assumed that husbands are three years older than their wives. 40% of active participants making it to retirement are assumed to be married and elect spouse coverage.

###### *Medicare Eligibility*

It is assumed that all participants and spouses are eligible for Medicare upon reaching age 65.

###### *Claims Costs at Sample Ages*

Monthly per capita costs of medical and pharmacy are \$1,124.41 for each retiree and each spouse; dental costs per capita are \$32.03 for each retiree and each spouse.

###### *Healthcare Inflation (Trend Assumption)*

Inflation of medical and pharmacy costs are assumed to increase at decreasing rates ranging from 6.4% for the years 2017 through 2020, to 6.3% for 2021 through 2025, and so on, with costs assumed to increase at the rate of 4.8% beginning with the year 2082 and for the years thereafter. The rates of inflation for dental costs are assumed to trend from 5.47% in 2017, to 5.33% in 2018, and to 5.19% in 2019, and so on, with costs assumed to increase at a rate of 3.91% beginning with the year 2028 and for the years thereafter.

## ST. TAMMANY PARISH ASSESSOR

### Notes to Financial Statements

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#### Note 8. Leases

##### Operating Leases

Operating leases are all leases that do not meet the criteria of capital leases. During the year, the Assessor's office had operating leases on four copy machines. Required monthly lease payments made during the year totaled \$7,416.

Future annual lease commitments under these leases are as follows:

2018	\$ 7,416
2019	6,721
2020	5,748
2021	<u>3,832</u>
<b>Total</b>	<b><u>\$ 23,717</u></b>

There were no other operating or capital leases.

#### Note 9. Deferred Compensation Plan

All full-time employees of the Assessor's office participate in the Louisiana Public Employees' Deferred Compensation Plan, adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94377, Baton Rouge, Louisiana 70804-9397.

Employees/participants may contribute a portion of their salary with the Assessor's office matching up to a certain amount for each employee. Total contributions may not exceed the amount determined under IRS regulations. All contributions are immediately vested. During the year, employees/participants contributed \$311,246, and the Assessor's office made employer contributions on behalf of employees/participants totaling \$287,823 to the plan.

#### Note 10. Expenditures of the Assessor Not Included in the Financial Statements

Louisiana Revised Statute 33:4713 requires St. Tammany Parish to provide the Assessor with all necessary office space, utilities, furniture, equipment, supplies, and maps. During the year, the Parish provided office space, utilities, and janitorial services on a limited basis. The value of these items is not reflected in the accompanying financial statements. Under this arrangement, the Assessor has one office located in Covington and one in Slidell.

**ST. TAMMANY PARISH ASSESSOR**

**Notes to Financial Statements**

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**Note 11. Excess Expenditures Over Appropriations**

During the year ended December 31, 2017, the General Fund's actual expenditures of \$5,566,788 exceeded the budgeted expenditures of \$5,450,000, resulting in an unfavorable variance of \$116,788.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**ST. TAMMANY ASSESSOR**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual - General Fund**  
**For the Year Ended December 31, 2017**

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Ad Valorem Taxes, Net	\$ 4,850,000	\$ 4,850,000	\$ 5,213,290	\$ 363,290
Contributions from St. Tammany Parish, Louisiana	400,000	400,000	409,295	9,295
State Revenue Sharing	100,000	100,000	107,993	7,993
Other	40,000	40,000	82,310	42,310
Interest Earnings	60,000	60,000	69,289	9,289
<b>Total Revenues</b>	<b>5,450,000</b>	<b>5,450,000</b>	<b>5,882,177</b>	<b>432,177</b>
<b>Expenditures</b>				
Salaries and Related Expenditures	4,450,000	4,450,000	4,326,847	123,153
Professional Services	450,000	450,000	833,332	(383,332)
Operating Services	500,000	500,000	356,180	143,820
Education	50,000	50,000	50,429	(429)
<b>Total Expenditures</b>	<b>5,450,000</b>	<b>5,450,000</b>	<b>5,566,788</b>	<b>(116,788)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>315,389</b>	<b>\$ 315,389</b>
<b>Fund Balance, Beginning of Year</b>			<b>6,422,994</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 6,738,383</b>	

See independent auditor's report.

**ST. TAMMANY ASSESSOR**  
**Schedule of Employer's Proportionate Share of the**  
**Net Pension Liability**  
**For the Year Ended December 31, 2017**

	2017	2016	2015
Employer's Portion of the Net Pension Liability	5.807959%	5.746442%	5.649871%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,019,130	\$ 2,027,743	\$ 2,956,706
Employer's Covered Payroll	\$ 2,549,728	\$ 2,501,902	\$ 2,374,031
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	39.97%	81.05%	124.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.61%	90.68%	85.57%

The amounts presented for each fiscal year were determined as of the September 30th year-end that occurred within the fiscal year.

GASB 68 requires this schedule to show information for 10 years. The Assessor has implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

**ST. TAMMANY ASSESSOR**  
**Schedule of Employer's Contributions to Defined Benefit Pension Plan**  
**For the Year Ended December 31, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 245,507	\$ 309,883	\$ 319,304
Contributions in Relation to the Contractually Required Contribution	<u>(245,507)</u>	<u>(309,883)</u>	<u>(319,304)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 2,574,793	\$ 2,443,950	\$ 2,365,215
Contributions as a Percentage of Covered Payroll	9.54%	12.68%	13.50%

GASB 68 requires this schedule to show information for 10 years. The Assessor has implemented GASB 68 in its 2015 fiscal year. Therefore, additional years will be displayed as they become available.

See independent auditor's report.

**ST. TAMMANY ASSESSOR**  
**Schedule of Funding Progress**  
**Retirees Health, Dental, and Life Insurance Plan**  
**For the Year Ended December 31, 2017**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
12/31/2015	\$ -	\$ 4,047,622	\$ 4,047,622	0%	\$ 2,377,583	170%
12/31/2016	-	4,047,622	4,047,622	0%	2,463,461	164%
12/31/2017	-	1,909,923	1,909,923	0%	2,578,770	74%

See independent auditor's report.

## **OTHER SUPPLEMENTARY INFORMATION**

**ST. TAMMANY ASSESSOR**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2017**

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**Agency Head**

Louis Fitzmorris, St. Tammany Parish Assessor

<b>Purpose</b>	<b>Amount</b>
Salary	\$158,746
Benefits - Retirement	\$39,341
Benefits - Insurance	\$23,424
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$908
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

Salary and benefits are set by the following Louisiana State Legislature Revised Statutes:

- LRS 47:1907 A, B, H, I, J, and K
- LRS 42:1301-1309
- LRS 47:1923

Insurance and retirement benefits are provided to all employees of the Assessor as per Louisiana State Revised Statutes referenced above.

See independent auditor's report.

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

To the Honorable Louis Fitzmorris  
St. Tammany Parish Assessor

We have audited, 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, the financial statements of the governmental activities and the major fund of the St. Tammany Parish Assessor (the Assessor), as of and for the year ended December 31, 2017, 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 21, 2018.

**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 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.

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 Assessor'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 Assessor's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
June 21, 2018

**ST. TAMMANY ASSESSOR**  
**Schedule of Findings and Responses**  
**For the Year Ended December 31, 2017**

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**Part I - Summary of Auditor's Results**

Financial Statements

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditor's report issued:  | Unmodified    |
| 2. | Internal control over financial reporting and compliance and other matters: |               |
|    | a. Material weaknesses identified?  | No            |
|    | b. Significant deficiencies identified?                                     | None Reported |
|    | c. Noncompliance material to the financial statements noted?                | No            |

Federal Awards

Not applicable.

**Part II - Findings Related to the Financial Statements**

None.

**Part III - Federal Award Findings**

Not applicable.

## AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Assessor

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

**For the Period of January 1, 2017 - December 31, 2017**

To the Honorable Louis Fitzmorris  
St. Tammany Parish Assessor

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "not applicable."

Management of the St. Tammany Parish Assessor (the Assessor) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Assessor and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Assessor's compliance with certain laws and regulations during the period of January 1, 2017 through December 31, 2017, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the Assessor and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and associated results are as follows:

### ***Use Value Special Assessment***

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1. Obtain a listing of all properties subject to use value assessment, as defined in Article VII, Section 18(C) of the Louisiana Constitution. Obtain management's representation that the listing is complete.
  - a. Randomly select 5 properties from the listing, report if the property file contains a use value application, and report if the property file contains a signed agreement as required by LA R.S. 47:2304(C).
  - b. Obtain property transfer/sale records for the 5 properties selected above. For those properties that have changed ownership in the last 5 years and sold for a value 4 or more times greater than the use value, report if the records include documentation demonstrating compliance with La R.S. 47:2305 (B)(1)(a-b).

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RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each is separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Results: LaPorte obtained a listing of all properties subject to use value assessment, as defined in Article VII, Section 18(C) of the Louisiana Constitution. Management represented that the listing is complete.

For (a), two of the five properties selected did not have a use value application or a signed agreement. For (b), two of the five properties had a change in ownership in the last five years. However, these two properties were transferred and not sold for value.

### ***Special Assessments over Not-for-Profit***

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1. Obtain a listing of all properties that receive an ad valorem exempt status, as defined in Article VII, Section 21(B)(1)(a)(i) of the Louisiana Constitution. That is, property owned by a nonprofit corporation or association organized and operated exclusively for religious, dedicated places of burial, charitable, health, welfare, fraternal, or educational purposes, no part of the net earnings of which inure to the benefit of any private shareholder or member thereof and which is declared to be exempt from federal or state income tax. Obtain management's representation that the listing is complete.
  - a. Randomly select 5 property files from the listing and report whether each property file includes verification of the property owner's tax exempt status.

Results: LaPorte obtained a listing of all properties that receive an ad valorem tax exempt status, as defined in Article VII, Section 21(B)(1)(a)(i) of the Louisiana Constitution. Management represented that the listing is complete.

Four of the five properties selected did not have verification of the property owner's tax exempt status in the property file.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to perform, and did not perform an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the St. Tammany Parish Assessor and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA  
June 21, 2018