

ST. JOHN THE BAPTIST PARISH ASSESSOR

Annual Financial Report

As of and for the Year Ended

December 31, 2017

KEITH J. ROVIRA
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Honorable Lucien J. Gauff, III
St. John the Baptist Parish Assessor
LaPlace, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the St. John the Baptist Parish 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 judgement, 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 assessor'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 assessor's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the St. John the Baptist Parish Assessor as of December 31, 2017, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. John the Baptist Parish Assessor's basic financial statements. The supplementary information schedules, as listed in the table of contents, are presented for purpose of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules listed in the table of contents 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 my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 27, 2018, on my consideration of the St. John the Baptist Parish Assessor's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my 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.

A handwritten signature in black ink that reads "Keith J. Rovira". The signature is written in a cursive style with a large, prominent 'K' and 'R'.

Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

June 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Management's Discussion and Analysis
As of and for the year ended December 31, 2017

The Management's Discussion and Analysis (MD&A) of the St. John the Baptist Parish Assessor's financial performance 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 new reporting model adopted by the Government Accounting Standards Board (GASB) in their 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.

The minimum requirements for financial reporting on the St. John the Baptist Parish Assessor's office that was 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)

Basic Financial Statements:

The basic information 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 Statement of Activities. These statements present financial 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, Expenses, 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 is dependent on the fund type. The assessor's only governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Management's Discussion and Analysis
 As of and for the year ended December 31, 2017

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
 December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Current assets	\$5,964,801	\$5,545,239
Capital assets	<u>18,203</u>	<u>20,843</u>
Total Assets	<u>5,983,004</u>	<u>5,566,082</u>
Deferred outflows of resources	<u>163,350</u>	<u>229,419</u>
Current liabilities	-	-
Long-term liabilities	<u>696,408</u>	<u>811,086</u>
Total Liabilities	<u>696,408</u>	<u>811,086</u>
Deferred inflows of resources	<u>144,145</u>	<u>44,019</u>
Net Position:		
Invested in capital assets, net of related debt	18,203	20,843
Restricted for the Funding of Other		
Postemployment Benefit Obligations		
(OPEB) and the Related Unfunded		
Actuarial Accrued Liability (UAAL)	1,800,000	1,800,000
Unrestricted	<u>3,487,518</u>	<u>3,119,953</u>
Total Net Position	<u>\$5,305,721</u>	<u>\$4,940,396</u>

The assessor has "restricted" \$1,800,000 of the office's net position as shown above to help fund the current and future obligation that the office has to retired employees for health, dental and life insurances. See Note F, stated later on in this audit report for a more detailed explanation including actuarial data. Unrestricted net positions are those that do not have any limitations on what these amounts may be used for.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Management's Discussion and Analysis (Continued)
 As of and for the year ended December 31, 2017

Statement of Revenues, Expenditures and Changes in Fund Balance
 For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues	\$1,310,585	\$1,318,996
Expenditures	<u>(891,023)</u>	<u>(920,158)</u>
Net Changes in Fund Balance	<u>\$419,562</u>	<u>\$398,838</u>

Total revenues decreased by \$8,411, and total expenditures decreased by \$29,135, from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2017, the assessor had \$18,203 invested in capital assets, including office furniture and equipment. This amount represents the total original cost of the capital assets less accumulated depreciation on those assets as shown in the table below:

	<u>2017</u>	<u>2016</u>
Capital Assets (Net of Accumulated Depreciation) As of December 31, 2017, and 2016		
Office furniture and equipment	\$84,865	\$85,360
Less: accumulated depreciation	<u>(66,662)</u>	<u>(64,517)</u>
Total Net Capital Assets	<u>\$18,203</u>	<u>\$20,843</u>

Debt Administration

The assessor had no debt outstanding at year end.

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Management's Discussion and Analysis (Continued)
As of and for the year ended December 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (2018)

In the 2018 Operating Budget, the assessor maintained the \$1,800,000 "restricted" funds that were set aside to help fund the obligation the office has to its retired employees in the form of other post-employment benefits (OPEB) for health, dental and life insurance. See Note F stated later on in this audit report for a more detailed explanation including actuarial data.

The assessor also considered the following factors and indicators when setting up the 2018 budget. These factors and indicators include: (1) revenues to be received from the collection of ad valorem taxes and state revenue sharing should be relatively the same; (2) total expenditures are expected to be approximately the same as was in 2017; (3) the office's available revenues will be sufficient to cover its annual 2018 expenditures.

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 the St. John the Baptist Parish Assessor at 1801 West Airline Highway, Room 103, LaPlace, Louisiana 70068, or call 985-652-5311.

BASIC FINANCIAL STATEMENTS
(GOVERNMENT-WIDE FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Statement of Net Position

As of December 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents \$4,553,169

Investments – LAMP 190,000

Revenues receivables:

Ad valorem tax 1,188,612

State revenue sharing 33,020Total Current Assets 5,964,801

Noncurrent Assets:

Capital assets, net of depreciation 18,203Total Noncurrent assets 18,203TOTAL ASSETS 5,983,004Deferred Outflows of Resources 163,350**LIABILITIES**

Current Liabilities:

Total Current Liabilities -

Long-term Liabilities:

Net pension liability 196,195

Net other postemployment benefit obligations (OPEB) 500,293Total Long-term Liabilities 696,488TOTAL LIABILITIES 696,488Deferred Inflows of Resources 144,145**NET POSITION**

Invested in capital assets, net of related debt 18,203

Restricted for the Funding of Other Postemployment

Benefit Obligations (OPEB) and the Related Unfunded

Actuarial Accrued Liability (UAAL) 1,800,000

Unrestricted 3,487,518TOTAL NET POSITION \$5,305,721

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Statement of Activities
 As of and for the year ended December 31, 2017

EXPENSES

Governmental Activities:

Salaries and related benefits	\$740,858
Office supplies and expenses	97,624
Travel and automotive	21,307
Professional and legal fees	18,020
Capital outlay	32,521
Depreciation expense	<u>3,930</u>

Total Expenses 914,260

GENERAL REVENUES

Ad valorem taxes	1,224,651
State revenue sharing	49,530
Interest earnings	35,804
Other	<u>600</u>

Total General Revenues 1,310,585

Change in Net Position 396,325

Net Position at Beginning of Year 4,940,396

Net Position at End of Year \$5,305,721

The accompanying notes are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
(FUND FINANCIAL STATEMENTS)

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Balance Sheet
 General Fund – Governmental Fund
 December 31, 2017

ASSETS

Cash and cash equivalents	\$4,553,169
Investments – LAMP	190,000
Revenues receivable:	
Ad valorem taxes	1,188,612
State revenue sharing	<u>33,020</u>
 Total Assets	 <u>\$5,964,801</u>

LIABILITIES AND FUND BALANCES**Liabilities:**

 Total Liabilities	 <u>-</u>
 Fund Balance:	
Nonspendable	-
Restricted	\$1,800,000
Committed	-
Assigned	-
Unassigned	<u>4,164,801</u>
 Total Fund Balance	 <u>5,964,801</u>
 Total Liabilities and Fund Balance	 <u>\$5,964,801</u>

The accompanying notes are in integral part of this statement.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government-Wide Statement of Net Position
 December 31, 2017

Total Fund Balance - Governmental Fund	\$5,964,801
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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 Funds Balance Sheet, net of accumulated depreciation	18,203
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Some liabilities are not due and payable in the
 current period and therefore are not reported
 in the funds. Those liabilities consist of:

Deferred outflows of resources	163,350
Deferred inflows of resources	(144,145)
Net pension liability	(196,195)
Net other postemployment benefit obligations (OPEB)	<u>(500,293)</u>

Total Net Position - Governmental Activities	<u>\$5,305,721</u>
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The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Statement of Revenue, Expenditures and Changes in Fund Balance
 General Fund - Governmental Fund
 For the Year Ended December 31, 2017

REVENUES

Ad valorem taxes	\$1,224,651
State revenue sharing	49,530
Interest earnings	35,804
Other	<u>600</u>
 Total Revenues	 <u>1,310,585</u>

EXPENDITURES

Salaries and related benefits	720,261
Office supplies and expenses	97,624
Travel and automotive	21,307
Professional and legal fees	18,020
Capital outlay	<u>33,811</u>
 Total Expenditures	 <u>891,023</u>
 Excess of Revenues over Expenditures	 419,562
 Fund Balance at Beginning of Year	 <u>5,545,239</u>
 Fund Balance at End of Year	 <u>\$5,964,801</u>

The accompanying notes are an integral part of this statement

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balance to the Statement of Activities
 For the Year Ended December 31, 2017

Excess of Revenues over Expenditures - Governmental Funds	\$419,562
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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 as depreciation expense. This is the amount of depreciation that was charged during the current year.	(3,930)
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Capital assets added during the year are not current financial resources, therefore, they are reported on the Statement of Net Assets and not the Governmental Funds Balance Sheet	1,290
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Some items reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Net increase in other postemployment benefit obligation (OPEB)	(93,471)
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Effect of GASB 68	<u>72,874</u>
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Change in Net Position - Governmental Activities	<u>\$396,325</u>
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The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

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, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The assessor is authorized to appoint as many deputies as may be necessary for efficient operation of the office and provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The St. John the Baptist Parish Assessor has adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussions and Analysis – for State and Local Governments. The assessor will be treated as a governmental-type activity for financial reporting purposes in this audit. The minimum requirements for the assessor established by GASB State No. 34 are divided into the following sections: (a) Management’s Discussion and Analysis (b) Basic Financial Statements, and (c) Required Supplementary Information (RSI) other than MD&A.

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The accompanying financial statements of the St. John the Baptist Parish Assessor present information only as the transactions of the programs of the assessor as authorized by Louisiana statutes and administrative regulations. Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting. Therefore, ad valorem taxes, state revenue sharing, and interest earnings are recognized in the accounting period in which they are earned and become measurable.

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

Expense Recognition

Expenses are also recognized on the accrual basis; therefore, expenses, including salaries and related benefits, travel and automotive, office supplies and expenditures, professional and legal fees, etc. are recognized in the period incurred, if measurable.

2. Reporting Entity

For financial reporting purposes, in conformance with GASB Codification Section 2100, the assessor is an independently elected official who operates his office without oversight responsibility to the parish governing authority, the St. John the Baptist Council. 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. John the Baptist Parish Assessor. Furthermore, the St. John the Baptist Parish Council, the parish's governing authority, does not include the assessor as a component unit in its comprehensive annual financial report.

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3. Fund Accounting**

The assessor uses a fund (General Fund) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The assessor's General Fund is classified as a governmental fund. Governmental funds account for general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of capital assets.

The General Fund, as provided by Louisiana Revised Statute 47:1906, is the only fund of the assessor and accounts for the operation of the assessor's office. Ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. General operating expenditures are paid from this fund.

4. Budgets

The proposed original budget for the year ended December 31, 2017, was made available for public inspection at the assessor's office and advertised on December 10, 2016. The budget was adopted after a public hearing which was held on December 27, 2016. The proposed budget was prepared on the modified accrual basis of accounting. The assessor reserves all authority to make changes to the budget.

The original budget was not amended.

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. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**5. Cash and Cash Equivalents**

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

6. Receivables

Receivables are made up of ad valorem taxes and state revenue sharing. Ad valorem tax receivables recorded as of December 31, 2017 are based on the actual ad valorem taxes received in the first five months of the ensuing calendar year. Therefore, there was no need for estimating an uncollectible amount.

7. Capital Assets

Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). These assets are reported on the Statement of Net Assets at original cost less accumulated depreciation, and annual depreciation expense is reported in the Statement of Activities. Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation with an estimated useful life of 5 years is used for all office furniture and equipment.

8. Compensated Absences

Employees of the assessor's office earn vacation leave depending on length of service as follows: after one year of service an employee earns 5 days; after two years of service an employee earns 10 days; after three and four years of service an employee earns 15 days; after five years of service an employee earns 20 days. An employee cannot earn more than 20 days per year after five years of service. Vacation leave must be taken during the year earned, and cannot be accumulated. Sick leave is granted at the discretion of the assessor, and cannot be accumulated. Upon termination, resignation, or retirement employees are not paid for any unused vacation or sick leave earned during the year. At December 31, 2017, there were no accumulated or vested benefits related to vacation and sick leave that require disclosure in the financial statements.

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. **Encumbrances**
Encumbrance accounting is not utilized by the assessor due to the nature of operations and the ability of management to monitor budgeted expenses on a timely basis.
10. **Use of Estimates**
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
11. **Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position**
In some instances, the GASB requires a governmental body to delay recognition of decreases in net position as expenditures until a further period. In other instances, governments are required to delay recognition of increases in net position as revenues until a further period. In these circumstances, deferred outflows and inflows of resources result from the delayed recognition of expenditures or revenues, respectively.
12. **Equity Classification**
In the government-wide statements, equity is classified as net position and displayed in three components:
 - a. Invested in capital assets, net of related debt: consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
 - b. Restricted net position: consists of assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups, such as creditors, grantors, contributors, or law or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Unrestricted net position: all other assets that do not meet the definition of “invested in capital assets, net or related debt” or “restricted net position,” or deferred outflows of resources, liabilities, and deferred inflows of resources.

In the fund financial statements, governmental fund equity is classified as fund balance. The assessor has adopted GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. As such, fund balances of the governmental funds are classified as follows:

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.

Restricted: amounts that can be spent 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

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.

Assigned: amounts that do not meet the criteria to be classified as restricted or restricted, 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.

Unassigned: all other spendable amounts.

	<u>General Fund</u>
Nonspendable:	-
Restricted:	\$1,800,000
Committed:	-
Assigned:	-
Unassigned:	<u>4,164,801</u>
Total	<u>\$5,964,801</u>

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 its commitment or assignment actions.

NOTE B – LEVIED TAXES

Ad valorem taxes of 3.04 mills were authorized and levied for the operation of the assessor's office for the year ended December 31, 2017. The following are the four principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Business Type</u>	<u>2017 Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Marathon Ashland, LLC	Oil	\$155,194,180	37%
Entergy Louisiana, Inc.	Energy	13,047,720	3
Nalco Chemical	Chemical	9,232,531	2
Louisiana Machinery	Machinery	<u>8,240,500</u>	<u>2</u>
Total		<u>\$185,714,931</u>	<u>44%</u>

The total taxable valuation for all taxpayers at December 31, 2017, was \$422,874,566. This figure was used in calculating the percentage of the "2017 taxable valuation of each of the principal taxpayers" to the "total taxable valuation for all taxpayers."

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE C – CASH AND CASH EQUIVALENTS

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

Interest bearing bank account	\$ 754,094
Certificates of deposit	<u>3,799,075</u>
Total	<u>\$4,553,169</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2017, the assessor had \$4,560,206 in deposits (collected bank balances). These deposits were secured from risk by \$1,250,000 of federal deposit insurance and \$5,228,669 of pledged securities held by the custodial bank in the name of 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.

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NOTE D – INVESTMENTS – LOUISIANA ASSET MANAGEMENT POOL

At December 31, 2017, the assessor held the following types of investments:

<u>Type of Investment</u>	<u>Cost/ Carrying Amount</u>	<u>Market Value</u>
Louisiana Asset Management Pool (LAMP)	\$190,000	\$190,000

Louisiana Asset Management Pool (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 LSA-R.S. 33:2955.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures", requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

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

Credit risk: LAMP is rated AAAM by Standard and 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

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NOTE D – INVESTMENTS – LOUISIANA ASSET MANAGEMENT POOL (CONTINUED)

of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days.

Foreign currency risk: This type of risk is not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the 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 Securities and Exchanges Commission as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

NOTE D – CAPITAL ASSETS

The capital assets used in the governmental-type activities are included on the Statement of Net Position of the assessor and are capitalized at historical cost. Depreciation of all exhaustible capital assets used by the assessor is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Position. Depreciation expense for financial reporting purposes is computed using the straight-line method over the useful lives of the capital assets and is reported in the Statement of Activities.

A summary of changes in capital assets and accumulated depreciation during the year is listed as follows:

	<u>Balance</u> <u>12/31/16</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/17</u>
<u>Capital Assets (at Cost):</u>				
Office furniture & equipment	\$85,360	\$1,290	\$(1,785)	\$84,865
<u>Less: Accumulated Depreciation:</u>				
Office furniture & equipment	\$64,517	\$3,930	\$(1,785)	\$66,662

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December 31, 2017

NOTE E – PENSION PLAN/GASB 68

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 and Subsidiary (Fund) and additions to/deductions from the Retirement Fund's fiduciary net position have been determined on the same basis as they are reported by the Retirement System. 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.

Plan Description:

The Terrebonne Assessor participates in the Louisiana Assessors' Retirement Fund, which was created by Act 91 Section 1 of the 1950 regular Legislature Session. The Fund is a cost sharing, multiple-employer, qualified governmental defined benefit pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1401 through 1494. The Plan is a qualified plan as defined by the Internal Revenue Code Section 401(a), effective January 1, 1998. Membership in the Louisiana Assessors' Retirement Fund is a condition of employment for Assessors and their full-time employees.

The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Pension Benefits

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 become 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/survivor annuity.

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Notes to the Financial Statements

December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the employer's contributions. Benefits are payable over the employee's lives in the form of a monthly annuity. Employees may elect a reduced benefit or any of four options at retirement:

1. At death, the beneficiary will receive a lump sum payment based on the present value of the employee's annuity account balance.
2. At death, the beneficiary will receive a life annuity based on their reduced retirement allowance.
3. At death, the beneficiary will receive a life annuity equal to one-half of their reduced retirement allowance.
4. Any other benefit certified by the actuary and approved by the Board of Trustees that will be equivalent in value to their retirement allowance.

Death Benefits

As set forth in R.S. 11:1441, benefits for members who die in service are as follows:

1. If a member of the Fund dies in service with less than 12 years of creditable service and leaves a surviving spouse, their accumulated contributions shall be paid to the surviving spouse.
2. If a member dies and has 12 or more years of creditable service and is not eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the joint and survivorship amounts provided in Option 2 as provided for in R.S. 11:1423, which shall cease upon a subsequent remarriage, or a refund of the member's accumulated contributions, whichever the spouse elects to receive.
3. If a member dies and is eligible for retirement, the surviving spouse shall receive an automatic optional benefit which is equal to the Option 2 benefits provided for in R.S. 11:1423, which shall not terminate upon a subsequent remarriage.
4. Benefits set forth in item number 2 above, shall cease upon remarriage and shall resume upon a subsequent divorce or death of a new spouse. The spouse shall be entitled to receive a monthly benefit equal to the amount being received prior to remarriage.

Disability Benefits

The Board of Trustee shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be the lesser of (1) or (2) as set forth below:

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

1. A sum equal to the greater of forty-five percent (45%) of final average compensation, or the member's accrued retirement benefit at the time of termination of employment due to disability; or
2. The retirement benefit which would be payable assuming accrued creditable service plus additional accrued service, if any, to the earliest normal retirement age based on final average compensation at the time of termination of employment due to disability.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R.S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

Back-Deferred Retirement Option Plan (Back-DROP):

In lieu of receiving a normal retirement benefit pursuant to R.S. 11:1421 through 1423, an eligible member of the Fund may elect to retire and have their benefits structured, calculated, and paid as provided in this section.

An active, contributing member of the Fund shall be eligible for Back-DROP only if all of the following apply:

1. The member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit.
2. The member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable.
3. The member has revoked their participation, if any, in the Deferred Retirement Option Plan pursuant to R.S. 11:1456.2

At the time of retirement, a member who elects to receive a Back-DROP benefit shall select a Back-DROP period to be specified in whole months. The duration of the Back-DROP period shall not exceed the lesser of thirty-six months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. The Back-DROP period shall be comprised of the most recent calendar days corresponding to the member's employment for which service credit in the Fund accrued.

The Back-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. The member's Back-DROP monthly benefit shall be calculated pursuant

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

to the provisions applicable for service retirement set forth in R.S. 11:1421 through 1423, subject to the following conditions:

1. Creditable service shall not include service credit reciprocally recognized pursuant to R.S. 11:142.
2. Accrued service at retirement shall be reduced by the Back-DROP.
3. Final average compensation shall be calculated by excluding all earnings during the Back-DROP period.
4. Contributions received by the Fund during the Back-DROP period and any interest that has accrued on employer and employee contributions received during the period shall remain with the Fund and shall not be refunded to the employee or to the employer.
5. The member's Back-DROP monthly benefit shall be calculated based upon the member's age and service and the Fund provisions in effect on the last day of creditable service before the Back-DROP period.
6. At retirement, the member's maximum monthly retirement benefit payable as a life annuity shall be equal to the Back-DROP monthly benefit.
7. The member may elect to receive a reduced monthly benefit in accordance with the options provided in R.S. 11:1423 based upon the member's age and the age of the member's beneficiary as of the actual effective date of retirement. No change in the option selected or beneficiary shall be permitted after the option is filed with the Board of Trustees.

In addition to the monthly benefit received, the member shall be paid a Lump-sum benefit equal to the Back-Drop maximum monthly retirement benefit multiplied by the number of months selected as a Back-Drop period. Cost-of-living adjustments shall not be payable on the member's Back-Drop lump sum.

Upon the death of a member who selected the maximum option pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate shall receive the deceased member's remaining contributions, less the Back-DROP benefit amount. Upon the death of a member who selected Option 1 pursuant to R.S. 11:1423, the member's named beneficiary or, if none, the member's estate, shall receive the member's annuity savings fund balance as of the member's date of retirement reduced by the portion of the Back-DROP account balance and previously paid retirement benefits that are attributable to the member's annuity payments as provided by the annuity savings fund.

ST. JOHN THE BAPTIST PARISH ASSESSOR
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Notes to the Financial Statements
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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Excess Benefit Plan

Under the provisions of this excess benefit plan, a member may receive a benefit equal to the amount by which the member's monthly benefit from the Fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

Employer contributions:

Contributions for all members are established by statute at 8.0% of earned compensation. The contributions are deducted from the member's salary and remitted by the participating agency.

Administrative costs of the Fund are financed through employer contributions. According to state statute, contributions for all employers are actuarially determined each year. Employer contributions were 10.0% of members' earnings for the year ended September 30, 2017.

The Fund also receives one-fourth of one percent of the property taxes assessed in each parish of the state as well as a state revenue sharing appropriation. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement System's Actuarial Committee. Although the direct employer actuarially required contribution for the fiscal year ended September 30, 2017 is 4.69%, the actual employer contribution rate for the fiscal year ended September 30, 2017 was 10.0%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set on year prior to the year effective. The minimum direct employer actuarially required contribution will be 5.25% for fiscal year 2018.

Schedule of Employer Allocations

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of Louisiana Assessors' Retirement Fund and Subsidiary. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution total to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the Retirement Fund for the fiscal year ended September 30, 2017.

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions:

At December 31, 2017, the Assessor reported a liability of \$196,195 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of September 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an 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 participating employers, actuarially determined. At September 30, 2017, the Assessor's proportion was 1.118104%, which was a decrease of .027543% from its proportion measured in the prior year.

For the year ended December 31, 2017, the Assessor recognized pension expense of \$155,471.

At December 31, 2017, the Assessor reported deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$21,869	\$61,597
Changes in assumptions	122,708	-
Net difference between projected and actual earnings on pension plan investments	-	75,922
Change in proportion and differences between employer contributions and proportionate share of contributions	18,773	6,626
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
	<u>\$163,350</u>	<u>\$144,145</u>

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Deferred outflows of resources of \$163,350 related to pensions resulting from the Assessor's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year <u>Ended Sept. 30,</u>	
2018	\$29,335
2019	39,330
2020	(37,122)
2021	(22,377)
2022	<u>10,040</u>
Total	<u>\$19,205</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

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

Valuation Date:	September 30, 2016
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	6.75% (Net of pension plan investment expense, including inflation.
Projected Salary Increases:	5.75%
Inflation rate:	2.50%

Retiree Cost of Living Adjustments: The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustee.

Mortality: RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.

Sensitivity to Change in Discount Rate

The following presents the net pension liability of the Fund calculated using the discount rate of 6.75%, as well as what the Fund's net pension 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 (assuming all other assumptions remain unchanged):

	<u>Changes in Discount Rate</u>		
	1.00% Decrease <u>5.75%</u>	Current Discount Rate <u>6.75%</u>	1.00% Increase <u>7.75%</u>
Employer's Proportionate share of the net pension liability	\$665,302	\$196,195	\$(205,954)

Change in Net Pension Liability:

The changes in the net pension liability for the year ended September 30, 2017 were recognized in the current reporting period except as follows:

Differences between expected and actual experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$61,597 for the year ended December 31, 2017.

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Notes to the Financial Statements

December 31, 2017

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)**Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense (benefit) using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of \$75,922 for the year ended December 31, 2017.

Changes of Assumptions or Other Inputs:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes of assumptions or other inputs resulted in deferred outflow of resources in the amount of \$122,708 for the year ended December 31, 2017.

Changes in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion or other inputs resulted in deferred outflow, and deferred inflow, of resources in the amounts of \$18,773, and \$6,626, respectively, for the year ended December 31, 2017.

Contributions - Proportionate Share

Differences between contributions remitted to the Fund and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the Fund and contributions reported by the participating employer.

Retirement Fund Audit Report

The Louisiana Assessors' Retirement Fund and Subsidiary has issued a stand-alone audit report on their financial statements for the year ended September 30, 2017. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.gov, or by contacting the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

ST. JOHN THE BAPTIST PARISH ASSESSOR
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December 31, 2017

NOTE F – LONG-TERM LIABILITIES

Other Postemployment Benefit Obligations (OPEB)

Plan Description: The assessor administers and contributes to a single-employer defined benefit health, dental and life insurance plan for retirees and active employees. The plan provides lifetime health and dental insurance for retirees, their spouses and dependents, and life insurance benefits for employees that retire at age 55 or older or have 30 years of service at any age. The assessor uses the same private insurance provider/carrier as the parish. No financial statements are available for the assessor's insurance plan.

The assessor implements Governmental Accounting Standards Board 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, 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 has adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years is being 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. The assessor finances its plan from current available funds on a pay-as-you-go basis, therefore no funds are reserved for payment of future insurance premiums. For the year ended December 31, 2017, the assessor contributed \$34,652 to the plan on behalf of the retirees.

Annual OPEB Cost and Net OPEB Obligation: The assessor's annual other postemployment benefit (OPEB) is calculated based on the annual required contributions (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, it 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.

ST. JOHN THE BAPTIST PARISH ASSESSOR
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 Notes to the Financial Statements
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NOTE F – LONG-TERM LIABILITIES (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 to the plan:

Annual required contribution (ARC)	\$133,710
Interest on the net OPEB obligation	12,534
Adjustments to Annual Required Contribution	<u>(18,121)</u>
Annual OPEB cost	128,123
Contributions made	<u>(34,652)</u>
Increase in Net OPEB Obligation	93,471
Net OPEB Obligation at beginning of year	<u>406,822</u>
Net OPEB Obligation at end of year	<u>\$500,293</u>

The assessor's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	% of Annual Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
12/31/15	\$83,574	54%	\$313,351
12/31/16	\$128,123	27%	\$406,822
12/31/17	\$128,123	27%	\$500,293

Funded Status and Funding Progress: As of December 31, 2017, the actuarial accrued liability for benefits was \$1,369,200, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$477,936, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 286.46%. See the Schedule of Funding Progress for yearly comparisons later in this audit report.

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NOTE F – LONG-TERM LIABILITIES (CONTINUED)

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.

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.

Actuarial Cost Method – The ARC was determined using the Projected Unit Credit Cost Method. The employer portion for the cost of retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets – There are no plan assets. It is anticipated, that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 3%.

Post-employment Benefit Plan Eligibility Requirements – Based on past experience, it has been assumed that entitlement to benefits will commence four years after the earlier of the following: (1) completion of 30 years of service at any age, and (2) attainment of age 55 and completion of twenty (20) years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Notes to the Financial Statements
December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

plan that is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Healthcare Cost Trend Rate – The expected rate of increase in healthcare insurance premiums is based on graded schedule beginning with 8% annually, reduced down to an ultimate rate of 5% after ten years and later.

Mortality Rate – The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% for the unloaded female mortality rates, is used. This is recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical insurance for the retirees and their dependents, but it is based on the blended active/retired rate prior to age 65. Since GASB 45 requires that unblended rates be used, we have estimated the unblended retiree rate before 65 to be 130% of the blended rate.

Inflation Rate – Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit assumption of 2.50% annually.

Projected Salary Increases – This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases – The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Notes to the Financial Statements
 December 31, 2017

NOTE F – LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of OPEB Cost and Contributions for the last three years:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
OPEB Cost	\$83,574	\$128,123	\$128,123
Contributions	0	0	0
Retiree premium	<u>\$44,921</u>	<u>\$34,652</u>	<u>\$34,652</u>
Totals	<u>\$44,921</u>	<u>\$34,652</u>	<u>\$34,652</u>
Change in net OPEB obligation	<u>\$38,653</u>	<u>\$93,471</u>	<u>\$93,471</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	53.75%	27.05%	27.05%

NOTE G – LEASES

Operating leases are all leases that do not meet the criteria of capital leases. In 2017, the assessor entered into an operating lease agreement for a copy machine and automobile for the office. Total annual minimum lease commitments for these operating leases are as follows:

Year ending December 31:

2018	\$10,683
2019	10,683
2020	9,292
2021	<u>390</u>
Total minimum lease payments	<u>\$31,048</u>

There were no other operating or capital leases, and no other commitments on any leases as of December 31, 2017.

ST. JOHN THE BAPTIST PARISH ASSESSOR

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2017

NOTE H – EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

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

NOTE I – LITIGATION

There was no litigation pending against the assessor's office at December 31, 2017.

NOTE J – RISK MANAGEMENT

The assessor is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year, nor have there been any settlements which have exceeded the insurance coverage maintained for the past three years.

NOTE K – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2018, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Required Supplementary information
 Budgetary Comparison Schedule – General Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final</u>
				<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<u>REVENUES</u>				
Ad valorem taxes	\$1,298,831	\$1,298,831	\$1,224,651	\$(74,180)
State revenue sharing	46,000	46,000	49,530	3,530
Interest earnings	12,000	12,000	35,804	23,804
Other	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
Total Revenues	<u>1,356,831</u>	<u>1,356,831</u>	<u>1,310,585</u>	<u>(46,246)</u>
<u>EXPENDITURES</u>				
Salaries, related expenditures	834,625	834,625	720,261	114,364
Office supplies and expends.	52,500	52,500	97,624	(45,124)
Travel & automotive	51,000	51,000	21,307	29,693
Professional & legal fees	19,000	19,000	18,020	980
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>33,811</u>	<u>126,189</u>
Total Expenditures	<u>1,117,125</u>	<u>1,117,125</u>	<u>891,023</u>	<u>226,102</u>
Excess of Revenues over Expenditures	239,706	239,706	419,562	179,856
Fund Balance at				
Beginning of Year	<u>4,237,456</u>	<u>4,237,456</u>	<u>5,545,239</u>	<u>1,307,783</u>
	4,477,162	4,477,162	5,964,801	1,487,639
Restricted for OPEB Obligation	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>-</u>
Unrestricted Fund Balance at End of Year	<u>\$2,677,162</u>	<u>\$2,677,162</u>	<u>\$4,164,801</u>	<u>\$1,487,639</u>

The accompanying notes are an integral part of this statement.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Required Supplementary information (Continued)
 For the Year Ended December 31, 2017

Schedule of Funding Progress - Retirees Health, Dental and Life Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/15	0	\$957,912	\$957,912	0%	\$478,191	200%
12/31/16	0	\$1,369,200	\$1,369,200	0%	\$518,982	264%
12/31/17	0	\$1,369,200	\$1,369,200	0%	\$477,936	286%

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Required Supplementary information (Continued)
 For the Year Ended December 31, 2017

Schedule of Employer's Share of Net Pension Liability

Year Ended <u>Dec 31,</u>	Employer Proportion of the Net Pension Liability <u>(Asset)</u>	Employer proportionate Share of the Net Pension Liability <u>(Asset)</u>	Employer's Covered Employee <u>Payroll</u>	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee <u>Payroll</u>	Plan Fiduciary Net Position as a Percentage of the Total Pension <u>Liability</u>
2015	1.130930%	\$591,841	\$478,191	123.77%	85.57%
2016	1.145647%	\$404,264	\$518,982	77.90%	90.68%
2017	1.118104%	\$196,195	\$477,936	41.05%	95.61%

Schedule of Employer's Contributions

Year Ended <u>Dec. 31,</u>	Contractually Required Contribution	Contributions In Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer Covered Employee <u>Payroll</u>	Contributions as % of Covered Employee <u>Payroll</u>
2015	\$64,556	\$64,556	-	\$478,191	12.0%
2016	\$65,042	\$65,042	-	\$518,982	12.5%
2017	\$44,640	\$44,640	-	\$477,936	9.3%

These two schedules above are intended to show information of 10 years.
 Additional years will be displayed as they become available.

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

(1) Budgets

The assessor adopted a budget as required by Louisiana Revised Statute 39:1301-1316, for the year ending December 31, 2017.

(2) Pension Plan

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

INTERNAL CONTROL COMPLIANCE AND OTHER MATTERS

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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

Honorable Lucien J. Gauff, III
St. John the Baptist Parish Council
LaPlace, Louisiana

I 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 St. John the Baptist Parish Assessor, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the St. John the Baptist Parish Assessor's basic financial statements and have issued my report thereon dated June 27, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the St. John the Baptist Parish Assessor's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. John the Baptist Parish Assessor's internal control. Accordingly, I do not express an opinion on the effectiveness of the St. John the Baptist Parish Assessor's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness and significant deficiency.

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. I consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness (Finding No. 1).

A significant deficiency is a deficiency or 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. I considered the significant deficiency described in the accompanying schedule of findings and responses to be a significant deficiency (Finding No. 1).

Compliance and Other Matters

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

St. John the Baptist Parish Assessor's Response to Finding

The St. John the Baptist Parish Assessor's response to the finding identified (Finding No. 1) in our audit is described in the accompanying schedule of prior and current audit findings and management's corrective action plan. The assessor's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Keith J. Rovira
Certified Public Accountant
Metairie, Louisiana

June 27, 2018

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan
For the Year Ended December 31, 2017

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Assessor, as of and for the year ended December 31, 2017, and have issued my report thereon dated June 27, 2018. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

I. Prior Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 – Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the assessor did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The assessor has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. No plan is considered necessary at this time.

Management Letter:

No management letter was issued for the prior year.

ST. JOHN THE BAPTIST PARISH ASSESSOR
LaPlace, Louisiana
Schedule of Prior and Current Year Audit Findings and
Managements Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

II. Current Year Audit Findings

Compliance:

There were no findings on compliance that were required to be reported.

Internal Control over Financial Reporting:

Finding No. 1 – Inadequate Segregation of Accounting Functions:

Due to the small number of employees in accounting department, the assessor did not have adequate segregation of duties and functions with the accounting system.

Management's Corrective Action Plan:

The assessor has determined that it is not cost effective to achieve complete segregation of duties and functions within the accounting department. However, in order to strengthen and segregate the internal controls of the office, the assessor will include a separate deputy assessor who will be bonded and responsible for depositing cash receipts. On a quarterly basis the assessor will hold a financial meeting with the chief deputy and the other bonded deputy assessor to review the financial operations of the office, to compare the budget to actual financial activity, and to review and approve the bank reconciliations and invoices of that quarterly period.

Management Letter:

No management letter was issued for the prior year.

ST. JOHN THE BAPTIST PARISH ASSESSOR
 LaPlace, Louisiana
 Schedule of Compensation, Benefits and Other
 Payments to Agency Heads
 For the Year Ended December 31, 2017

Under Act 706 of the 2014 Regular Louisiana Legislative Session, the assessor is required to disclose the compensation, reimbursements, benefits, and other payments made to the assessor that are related to that position. The following is a schedule of payments made to the assessor for the year ended December 31, 2017:

Agency Head's Name: Lucien J. Gauff, III, St. John the Baptist Parish Assessor

<u>Purpose</u>	
Salary (as allowed by R.S. 47:1907)	\$135,492
Benefits – insurance (as allowed by R.S. 47:1923)	9,262
Benefits – retirement (as allowed by R.S. 11:1481)	27,945
Cell phone	900
Registration fees	500
Housing	<u>2,500</u>
	<u>\$176,629</u>

ST. JOHN THE BAPTIST PARISH ASSESSOR

Statewide Agreed-Upon Procedures Report

As of and for the Year Ended

December 31, 2017

KEITH J. ROVIRA
Certified Public Accountant

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**INDEPENDENT ACCOUNTANT'S REPORT
 ON APPLYING AGREED-UPON PROCEDURES**

Honorable Lucien J. Gauff, III
 St. John the Baptist Parish Assessor
 1801 West Airline Highway, Room 103
 LaPlace, Louisiana 70068

I have performed the procedures enumerated below, which were agreed to by the management of the St. John the Baptist Parish Assessor (Assessor) and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year ended December 31, 2017. The Assessor's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget;
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and

- c) purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes;
- d) **Disbursements**, including processing, reviewing, and approving;
- e) **Receipts**, including receiving, recording, and preparing deposits;
- f) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked;
- g) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process;
- h) **Credit Cards (and debit cards, fuel cards, Purchase-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage;
- i) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers;
- j) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) Assessor to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits;
- k) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

I received the Assessor's written Policies and Procedures pertaining to the above categories, and they address the functions noted above.

Board, if applicable

2. Obtain and review the Board's minutes for the fiscal period, and:

- a) Report whether the managing Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

The Assessor's office is not required to maintain minutes; therefore, this step is not applicable.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a

- formal/written plan, report whether the meeting minutes for at least one Board meeting during the fiscal period reflect that the Board is monitoring the plan.

The Assessor's office is not required to maintain minutes; therefore, this step is not applicable.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Assessor's office is not required to maintain minutes; therefore, this step is not applicable.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

I obtained a listing of all bank accounts and management's representation that the listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

I obtained bank statements and bank reconciliations for all twelve months in the fiscal year. Bank reconciliations were prepared for all twelve months.

- b) Bank reconciliations include evidence that a member of management or a Board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

No exceptions were noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions were noted.

Collections

5. Obtain a listing of cash/check/money order (hereinafter referred to as “cash”) collection locations and management’s representation that the listing is complete.

I obtained a listing of the only cash collection location and management’s representation that the listing is complete.

6. Using the listing provided by management, select all of the entity’s cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. **For each cash collection location selected:**

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

(1) I obtained written documentation. All employees who collect and handle cash are bonded. No exceptions were noted.

(2) No exceptions were noted.

(3) Office employees do not share the same register or drawer.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

I obtained written documentation and it addresses the functions noted above. No exceptions were noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions were noted.

Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

- **Recommendation:** *Currently, the St. John the Baptist Parish Sheriff's office hand delivers all checks to the Assessor's office for its portions of ad valorem tax revenue and state revenue sharing. The Assessor should ask the St. John the Baptist Parish Sheriff's office to electronically wire transfer all payments directly to the Assessor's main operating bank account. This would help strengthen the internal accounting controls of the Assessor's operations.*

Management *agrees with this recommendation, and is currently working with the Sheriff's office to accomplish this task.*

Disbursements – General (excluding credit card/debit card/fuel card/purchase card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

I obtained a listing of disbursements and management's representation stating that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/purchase card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Assessor uses a purchase order system when needed. No exceptions were noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions were noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Examined supporting documentation for each of the 25 disbursements selected and found that all payments were processed with an approved invoice. No exceptions were noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

I obtained written policies and procedures and they address the functions noted above; however, current office policy does not prohibit the person responsible for processing payments, the Chief Deputy, from adding vendors to its computerized accounting system.

The Assessor approves all vendors beforehand. Due to the small size of the Assessor's office, the Chief Deputy is the person who is entrusted to handle mostly all of the office's accounting functions himself. The Assessor feels this is the best and most efficient way to handle this function. The Assessor and the Chief Deputy are bonded.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

I obtained written policies and procedures and they address the functions noted above; however, the Chief Deputy and the Assessor have signature authority and can also authorize and initiate purchases. The Chief Deputy records the purchases.

Due to the small size of the Assessor's office, the Chief Deputy is the person who is entrusted to handle mostly all of the office's accounting functions himself. The Assessor feels this is the best and most efficient way to handle this function. The Assessor and the Chief Deputy are bonded.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

I obtained written policies and procedures and they address the functions noted above. No exceptions were noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Neither a signature stamp nor signature machine is used. No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

I obtained a listing of all active cards and management's representation stating that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards, (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

Monthly statements were obtained and address the functions noted above for the cards selected.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.
No finance charges or late fees were assessed during the fiscal year.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions were noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions were noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions were noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions were noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

I obtained a listing of travel and expense reimbursements by person, and received management's representation that the list is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No exceptions were noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions were noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions were noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions were noted.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

I obtained a listing of all contracts in effect and received management's representation that the listing is complete.

21. Using the listing above, select the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There are formal written contracts supporting service arrangements. No exceptions were noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

No noncompliance was noted.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Management did not solicit quotes for the service contracts.

Management believes that following the applicable laws and regulations of the State of Louisiana, which do not require the solicitation of quotes/bids for service contracts, is its best practice.

No noncompliance was noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contracts were amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions were noted.

- e) Obtain/review contract documentation and Board minutes and report whether there is documentation of Board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The Assessor's office does not have a Board and is not required to maintain minutes; therefore, this test is not applicable.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

I obtained a list of employees with their related salaries and management's representation that the list is complete.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions were noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions were noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

I obtained and selected attendance and leave records of the Assessor's employees, and received management's representation that the list is complete.

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions were noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions were noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No termination payments made during the fiscal period; therefore, this item is not applicable.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions were noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management has asserted that they have not received any allegations during the fiscal period.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Assessor did not issue any debt during the fiscal period; therefore, this item is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

No outstanding debt existed during the fiscal period; therefore, this item is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has represented that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice is available for download or print-out at www.la.la.gov/hotline and concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

I was 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 and representations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that I would have reported to you.

This report is intended solely for the use of management and the Louisiana 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. Accordingly, this report is not suitable for any other use. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



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Metairie, Louisiana

June 28, 2018