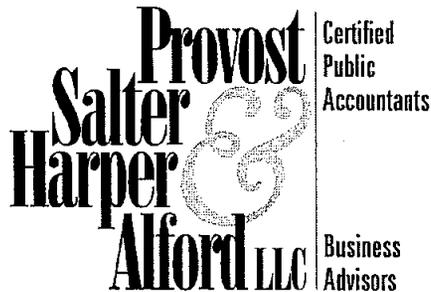


**EAST BATON ROUGE PARISH
ASSESSOR'S OFFICE
BATON ROUGE, LOUISIANA**

FINANCIAL REPORT

December 31, 2017



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EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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Certified
Public
Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Brian Wilson, Assessor
East Baton Rouge Parish Assessor's Office

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and general fund of the East Baton Rouge Parish Assessor's Office as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Assessor's Office's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The East Baton Rouge Parish Assessor's Office's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the East Baton Rouge Parish Assessor's Office as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, the schedule of funding progress for post-employment benefits, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions, 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the East Baton Rouge Parish Assessor's Office's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2018 on our consideration of the East Baton Rouge Parish Assessor's Office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the East Baton Rouge Parish Assessor's Office internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



April 11, 2018
Baton Rouge, Louisiana

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis

The Management's Discussion and Analysis of the East Baton Rouge Parish Assessor's Office's (Assessor) financial performance presents a narrative overview and analysis of the Assessor's financial activities for the fiscal year ended December 31, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read it in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Assessor's net position increased due to current period operations by \$152,128, or 2.9%.

The Assessor's revenues decreased by \$41,235, or 0.7%.

The Assessor's expenditures decreased by \$57,739, or 0.9%.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, as may be applicable, and the Assessor includes the schedule of Compensation, Benefits, and Other Payments to Agency Head as Other Supplementary Information. Other than the MD&A, the Board's required supplementary information includes the General Fund Statement of Revenues and Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, the Schedules of Funding Progress for Postemployment Benefits, Employer's Proportionate Share of the Net Pension Liability, and Employer's Pension Contributions. Comparative data is presented when available.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Assessor's finances, in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the Assessor's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Assessor as a whole is improving or deteriorating.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

The Statement of Activities presents information showing how the Assessor's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned, but unused, vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Assessor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

The Governmental fund is used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the Assessor's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance provide a reconciliation to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Assessor.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Assessor, assets exceed liabilities by \$5,475,346 at the close of the most recent fiscal year. Approximately 2% of the Assessor's net position reflects its investment in capital assets (e.g. equipment). These assets are not available for future spending.

The balance in unrestricted net assets is affected by the purchase of capital assets from internally generated funds and required depreciation on assets.

Summary of Net Position

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets	\$ 13,350,389	\$ 12,779,587
Capital assets, net of accumulated depreciation	<u>115,422</u>	<u>84,025</u>
Total Assets	<u>13,465,811</u>	<u>12,863,612</u>
Deferred outflows	<u>838,302</u>	<u>1,141,188</u>
Liabilities:		
Current liabilities	13,529	8,288
Noncurrent liabilities	<u>8,044,651</u>	<u>8,405,835</u>
Total Liabilities	<u>8,058,180</u>	<u>8,414,123</u>
Deferred inflows	<u>770,587</u>	<u>267,459</u>
Net Position:		
Investment in capital assets	115,422	84,025
Unrestricted	<u>5,359,924</u>	<u>5,239,193</u>
Total Net Position	<u>\$ 5,475,346</u>	<u>\$ 5,323,218</u>

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

The following data is presented on the accrual basis of accounting. Note, however, that although the purchase of capital assets is not included, depreciation on capital assets is included. The Assessor's net position increased during the current fiscal year. The change is shown below.

Summary of Changes

	2017	2016	% Increase (Decrease)
Revenues:			
General Revenue:			
Taxes	\$ 5,359,898	\$ 5,105,873	5.0%
Interest	27,862	13,077	113.1%
Other	5,800	13,930	-58.4%
Contributions from non-employer contributing entity	759,237	1,067,521	-28.9%
	<u>6,152,797</u>	<u>6,200,401</u>	-0.8%
Program Revenue:			
Charges for services	143,152	136,783	4.7%
	<u>143,152</u>	<u>136,783</u>	4.7%
Total revenue	<u>6,295,949</u>	<u>6,337,184</u>	-0.7%
Expenditures:			
Personnel services	5,080,201	5,178,355	-1.9%
Other services and charges	1,042,639	897,535	16.2%
Supplies	20,432	110,658	-81.5%
Capital Outlay	549	15,012	-96.3%
	<u>6,143,821</u>	<u>6,201,560</u>	-0.9%
Change in net position	152,128	135,624	
Beginning net position	<u>5,323,218</u>	<u>5,187,594</u>	2.6%
Ending net position	<u>\$ 5,475,346</u>	<u>\$ 5,323,218</u>	2.9%

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

GOVERNMENTAL REVENUE

The Assessor is heavily reliant on property taxes to support its operations. Property taxes provided 85.1% of the Assessor's total revenues. Because of the Assessor's financial position, they have been able to earn \$27,862 in interest earnings to support their activities, in spite of the low interest rates available on investments. Also, note that charges for services cover only 2.3% of governmental operating expenses. This means that the Assessor's taxpayers and the Assessor's other general revenues fund 97.7% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Since the Assessor's operations are staff-oriented, 82.7% of total expenditures are used for employee salaries and benefits. Operating services and materials and supplies make up 17.0% and 0.3% of the total expenses, respectively.

FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND

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

The total ending general fund's fund balance is \$7,995,387, an increase of \$297,272 over the prior year. This increase is primarily the result of the increase in tax revenue.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND, CONTINUED

Ad valorem taxes increased 5.0% from 2016 by \$254,025. This increase is primarily a result of increased property values.

Salaries and benefits decreased from 2016 by 1.9%. The decrease is due to reductions in the current year Pension liability. Operating services expenditures increased from 2016 by 16.2%. The increase is primarily a result of more cost being incurred in the current year for implementing a new on-site map producing system, software system improvements, and outsourcing of billing services. In 2016, the Assessor purchased computer equipment for a total of \$13,919, and security systems for \$22,225 that were capitalized. In 2017, the Assessor purchased vehicles for a total of \$70,659 and a copier for \$9,100 that were capitalized.

The General Fund's ending fund balance is considered adequate, representing the equivalent of 161% of annual expenditures. Though some might consider this percentage high, it is necessary for the Assessor to maintain a strong financial position in order to cover its cash flow needs and any unforeseen costs that might occur in the future.

BUDGETARY HIGHLIGHTS

The General Fund -- Total expenditures were only 86.0% of the budgeted amount. The Assessor's final revenue was 97.4% of budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Assessor considered many factors when setting the 2018 budget. Revenues and expenditures are expected to remain fairly consistent with the 2017 fiscal year.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 was \$115,422. The total increase in this net investment was 37%. In 2017, capital asset replacement exceeded depreciation expense by \$31,397. See Note 5 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets	
	2017	2016
Depreciable assets:		
Vehicles, furniture and equipment	\$ 717,980	\$ 746,120
Less accumulated depreciation	(602,558)	(662,095)
Book value-depreciable assets	<u>\$ 115,422</u>	<u>\$ 84,025</u>

Capital Assets

At December 31, 2017, the depreciable capital assets for governmental activities were 84% depreciated and there was a 37% increase in the book value of the capital assets. The total percentage of depreciated capital assets is quite high, (i.e., approximately nine-tenths of the value of these assets is used) which indicates that additional resources may be required to replace these capital assets in the future.

Long-term Obligations

At year-end, the Assessor had no external borrowings, and thus does not have any outstanding bonds or notes in this or the prior fiscal year. Other obligations include \$58,820 for its estimated liability for compensated absences, \$6,979,049 for its estimated liability for other post-employment benefits, and \$1,006,782 for its net pension liability.

During the year, the Assessor's debt decreased by \$361,183 due to an decrease in the liability for compensated absences of \$6,246, the recording of \$699,789 increase in the liability for other post-employment benefits obligations and a decrease of \$1,054,726 in pension liability.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

Operating Lease

As of April 1, 2018, the lease for the satellite office on Coursey Blvd. was signed as a three year lease with monthly base rent of \$2,375. Effective September 1, 2017 the Assessor has extended the lease for a satellite office in Zachary, Louisiana for an additional three year term at the rate of \$2,046 per month.

CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Assessor's finances, comply with finance-related laws and regulations, and demonstrate the Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact East Baton Rouge Parish Assessor's Office, 222 St. Louis Street, Room 126, Baton Rouge, LA 70802.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Basic Financial Statements

December 31, 2017

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Government-Wide Financial Statements (GWFS)

December 31, 2017

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Statement of Net Position

December 31, 2017

Assets**Current Assets**

Cash and cash equivalents	\$ 5,569,476
Investments	2,358,091
Ad valorem taxes receivable (net of allowance for uncollectable accounts, \$50,359)	5,341,473
Prepaid and other	81,349
Total current assets	13,350,389

Noncurrent Assets

Capital assets, net of accumulated depreciation	115,422
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Total Assets

13,465,811

Deferred Outflows of Resources

838,302

Liabilities**Current Liabilities**

Accounts payable	13,529
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Noncurrent Liabilities

Other post employment benefits	6,979,049
Net pension liability	1,006,782
Compensated absences	58,820

Total noncurrent liabilities

8,044,651

Total Liabilities

8,058,180

Deferred Inflows of Resources

770,587

Net Position

Investment in capital assets	115,422
Unrestricted	5,359,924

Total Net Position

\$ 5,475,346

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Statement of Activities

Year Ended December 31, 2017

	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Position Governmental Activities
Governmental Activities			
General Government	\$ 6,143,821	\$ 143,152	\$ (6,000,669)
General revenues			
Taxes:			
Ad valorem taxes, levied for general purposes			5,359,898
Interest and investment earnings			27,862
Miscellaneous			5,800
Contributions from non-employer contributing entity			759,237
Total general revenues			6,152,797
Change in net position			152,128
Net Position - January 1, 2017			5,323,218
Net Position - December 31, 2017			\$ 5,475,346

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Fund Financial Statements

December 31, 2017

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Balance Sheet-Governmental Fund

December 31, 2017

ASSETS

Assets

Cash and cash equivalents	\$ 5,569,476
Investments	2,358,091
Prepaid and other	<u>81,349</u>
Total Assets	\$ <u>8,008,916</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 13,529
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Fund Balance

Unassigned	<u>7,995,387</u>
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Total Liabilities and Fund Balance	\$ <u>8,008,916</u>
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EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

*Reconciliation of the Governmental Fund Balance
Sheet to the Statement of Net Position*

December 31, 2017

Total fund balance for the governmental fund at December 31, 2017	\$ 7,995,387
Total net position reported for governmental activities in the statement of net assets is different because:	
Government-Wide Financial Statements reflect the economic resources measurement focus and the accrual basis of accounting, therefore, an accrual for ad valorem taxes is recorded	5,341,473
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet Those assets consist of :	
Vehicles, furniture and equipment, net of \$602,558 accumulated depreciation	115,422
Liability for other post employment benefits are not due and payable in the current period and therefore are not reported in the governmental funds	(6,979,049)
Liability for net pension liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	(1,006,782)
Liability for compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds	(58,820)
Deferred inflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds	(770,587)
Deferred outflows of resources are not due and payable in the current period and therefore are not reported in the governmental funds	838,302
Total net position of governmental activities at December 31, 2017	<u>\$ 5,475,346</u>

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Governmental Fund*

Year Ended December 31, 2017

Revenues	
Ad valorem taxes	\$ 5,091,608
Charges for services	143,152
Interest and investment earnings	27,862
Miscellaneous	5,800
Total Revenues	5,268,422
 Expenditures	
Current	
General government	
Personnel services	3,876,134
Other services and charges	994,276
Supplies	20,432
Capital outlay	80,308
Total Expenditures	4,971,150
Excess of Revenues Over Expenditures	297,272
 Fund Balance	
Beginning	7,698,115
Ending	\$ 7,995,387

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

**Reconciliation of the Governmental Fund Statement
of Revenues, Expenditures and Changes in Fund
Balance to the Statement of Activities**
Year Ended December 31, 2017

Net change in fund balance - governmental fund \$ 297,272

Amounts reported for governmental activities in the statement of activities is different because:

Difference in ad valorem tax revenue recorded on the Fund Financial Statements and the Government-Wide Financial Statements. Property tax revenue will not be collected until after the Assessor's fiscal year end. These are not considered "available" revenues in the governmental funds until received. 268,290

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$	79,759	
Depreciation expense		<u>(48,362)</u>	
			31,397

Other post employment benefits are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in other post employment benefits (699,789)

Certain pension-related inflows and outflows of resources are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in pension expenses		(510,525)	
Contributions from non-employer contributing entities		759,237	

Compensated absences are reported in the statement of activities and do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in compensated absences		<u>6,246</u>	
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Changes in net position of governmental activities		<u>\$ 152,128</u>	
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EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four year term. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and provides assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and peculiarly responsible for the actions of the deputies.

The Assessor's main office is located in the East Baton Rouge Parish Courthouse in Baton Rouge, Louisiana. In 2005, the Assessor opened an additional branch office on Coursey Boulevard and in 2008 opened another branch office in Zachary, Louisiana for the convenience of the residents of the parish. The Assessor's office employs 53 employees, including 52 deputies. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by July 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

At December 31, 2017, there are 217,612 real property and moveable property assessments totaling \$4,866,281,886. This represents an increase of 2,019 assessments and an increase of \$219,754,890 in assessed value over the prior year.

A. Basis of Presentation

The accompanying basic financial statements of the East Baton Rouge Parish Assessor's Office have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The assessor is an independently elected official and is not considered fiscally dependent on the East Baton Rouge Parish Council. As the governing authority of the parish, for reporting purposes, the East Baton Rouge Parish Council is the financial reporting entity for the East Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (the parish council), (b) organizations for which the primary government is financially

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Codification Section 2100 established criteria for determining which component units should be considered part of the East Baton Rouge Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the council to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the council does not appoint the assessor, does not provide funding (other than the use of facilities located at the East Baton Rouge Parish Court House), or have any control over the Assessor, the Assessor has determined that the Office is not a component unit of the East Baton Rouge Parish Council. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of East Baton Rouge Parish.

C. Fund Accounting

The Assessor uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain tax assessment functions and activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Governmental funds account for all or most of the Assessor's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Assessor. The governmental fund type used by the Assessor is described as follows:

General Fund. The primary operating fund of the Assessor and its accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Assessor's policy. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908, is accounted for in this fund. General operating expenditures are paid from this fund.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Fund Statements (Exhibit C and E) are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Assessor's office operations.

The amounts reflected in the Governmental Fund Statements (Exhibit C and E) use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental fund uses the following practices in recording revenues and expenditures:

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Revenues. Tax revenue is recognized in the budgetary period for which the taxes are collected. Revenues are received from the Sheriff and Tax Collector of East Baton Rouge Parish in varying periodic payments as the ad valorem taxes are collected. Ad valorem taxes are assessed on December 1, for the calendar year, become due on December 31, and are considered past due and subject to penalties if not paid by December 31, of the year. Interest revenue is recognized when earned.

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

Government-Wide Financial Statements (GWFS)

The Statement of Net Position (Exhibit A) and Statement of Activities (Exhibit B) display information about the Assessor's Office as a whole. These statements include all the financial activities of the Assessor's Office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues. Program revenues included in the Statement of Activities (Exhibit B) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Assessor's Office general revenues.

Reconciliation. A reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position is provided on Exhibit D. A reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities is provided on Exhibit F.

E. Budgets

Annually, the Assessor's Office adopts a budget for the General Fund on the cash basis, therefore, adjustments were made on Exhibit G to include prior year accruals and remove current year accruals from the actual amounts for comparison purposes to the budgeted amounts. The budgetary practices include public notice, inspection and hearing requirements, which must be completed prior to December 15 of each year. Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts are as originally adopted. The assessor has administrative authority to make changes or amendments within various budget classifications.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

F. Cash and Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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 pledge 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 collected bank balances of \$5,270,476 in demand deposits. The deposits are secured from risk by the federal deposit insurance and pledged securities.

G. Receivables

In the government-wide statements, receivables consist of revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical collection trends. Major receivable balances for the governmental activities include ad valorem taxes and tax roll preparation fees.

In the fund financial statements, ad valorem tax revenue is not recorded because the revenue is not considered available until received.

H. Investments

Short-term investments are stated at amortized cost, which approximates market value.

I. Prepaids and Other

Prepaids and other are payments to vendors and other receivables that benefit future reporting periods reported on the consumption basis. At December 31, 2017, the Assessor had prepayments to vendors of \$3,253, accrued tax roll preparation fees receivable of \$78,066 and accrued interest receivable on certificates of deposit of \$30. Both prepaid and other receivables are similarly reported in government-wide and fund financial statements.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

J. Capital Assets

Capital assets are capitalized at historical cost. The Assessor maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Position and Statement of Activities. All capital assets are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Vehicles	5
Furniture and equipment	7

K. Compensated Absences

Employees of the Assessor's Office earn from five to twenty days of paid vacation leave per year, depending on length of service, and twelve days of paid sick leave. They are allowed to carryover up to twelve vacation days. An employee is compensated for any unused vacation leave at the employee's hourly rate of pay at the time of termination. The liability for these compensated absences is recorded as a liability in the government-wide financial statement. However, any matured compensated absences existing at year-end which are payable to currently terminated employees are reported in the governmental funds as wages and benefits payable. At December 31, 2017, employees of the Assessor's Office have accumulated and vested \$58,820 of accrued vacation benefits.

L. Risk Management

The Assessor's Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Assessor's Office purchases commercial insurance policies at levels which management believes is adequate to protect the Assessor's Office. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

M. Deferred Compensation Plan

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

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Participants may contribute a portion of their salary with the Assessor's Office matching up to 4% per month, but total contributions may not exceed the amount determined under IRS regulations. All contributions are immediately vested. Participants contributed \$103,601 and the Assessor's Office contributed \$80,875 to the plan during the year ended December 31, 2017.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana Assessors' Retirement System (LARS) and additions to/deductions from LARS fiduciary net position have been determined on the same basis as they are reported by LARS. 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.

O. Fund Equity

Equity Classifications.

Government-Wide Financial Statements.

In the government-wide financial statements, equity is classified as net assets 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 assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at December 31, 2017.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Financial Statements.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Nonspendable – amount 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 only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal decision of the Assessor. The Assessor, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Assessor authorizes management to assign amounts for a specific purpose.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

It is the Assessor's policy to spend unrestricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is the Assessor's policy to spend committed or assigned fund balances first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Assessor does not have any policy regarding minimum fund balance amounts.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Q. Adoption of New Accounting Principles

GASB Statement No. 82, *Pension Issues*, was implemented by the Assessor for the fiscal year ended December 31, 2017. The only impact on the Assessor is a change in terminology for the payroll-related measures in the required supplementary information from *covered-employee payroll* to *covered payroll*.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

R. Subsequent Events

In preparing these financial statements, the Assessor has evaluated events and transactions for potential recognition or disclosure through April 11, 2018, the date the financial statements were available to be issued.

2. Levied Taxes

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

	Authorized Millage	Levied Millage
Assessor's Salary and Expense Fund	1.29	1.29

The following are the principal taxpayers for the parish:

Taxpayer	Type of Business	2017 Assessed Valuation	Percentage of Total Assessed Valuation
Exxon Mobil Corporation	Oil and chemical refining	\$ 292,130,340	6.00%
Entergy Louisiana, LLC	Utility	105,856,180	2.18%
Georgia-Pacific	Pulp processing	77,733,570	1.60%
Genesis Marine, LLC	Marine transporation	23,938,350	0.49%
Bellsouth Telecommunications	Telephone company	19,833,290	0.41%

3. Deposits and Investments

Deposits. At December 31, 2017, the Assessor has deposits totaling \$5,569,476 (book balances) as follows:

Demand deposit	\$ 5,270,476
Certificates of deposit	299,000
	\$ 5,569,476

Investments. The Assessor is subject to the provisions of Louisiana Revised Statute 33:2955, which is entitled "Investments by political subdivisions." This law, among other things, outlines the types of securities that public entities in Louisiana may acquire and hold as investments.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

These include U.S. Government and agency securities, and certificates of deposit of banks domiciled or having a branch office in the state of Louisiana. The following table provides information on the credit ratings, maturity dates, and fair values associated with the Assessor's investments at December 31, 2017:

	Rating	Maturity Dates	
Louisiana Asset Management Pool	AAAm	N/A	\$ 2,358,091

Interest Rate Risk

Interest rate risk is the risk that changes in the financial market rates of interest will adversely affect the value of an investment. Of the Assessor's investments, \$2,358,091 have maturities of less than one year.

Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Assessor.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure, the Assessor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Assessor, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Assessor's name. The investments of the Assessor owned at December 31, 2017 were not subject to custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools).

The Louisiana Asset Management Pool (LAMP) is a local government investment pool. In accordance with GASB Codification Section 150.165, these investments are not categorized with deposits because they are not evidenced by securities that exist in physical or book entry form.

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Notes to Financial Statements, Continued

December 31, 2017

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. The dollar weighted average portfolio maturity for LAMP's total investments is 89 days (from LAMP's monthly portfolio holdings) as of December 31, 2017. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

4. Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Vehicles	\$ 237,690	\$ 70,659	\$ (35,563)	\$ 272,786
Furniture and equipment	508,430	9,100	(72,336)	445,194
	746,120	79,759	(107,899)	717,980
Less accumulated depreciation	662,095	48,362	(107,899)	602,558
	\$ 84,025	\$ 31,397	\$ -	\$ 115,422

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

5. Retirement Commitments

Substantially all full time employees of the East Baton Rouge Parish Assessor's Office are members of the Louisiana Assessors' Retirement Fund ("the Fund"), a cost sharing, multiple employer defined benefit pension plan administered by a separate Board of Trustees. Pertinent information relative to the plan follows:

Louisiana Assessors' Retirement Fund

Plan Description

The Fund was created by Act 91 Section 1 off the 1950 regular Legislature Session. The Fund is a cost sharing, multiple-employer, qualified governmental defined pension plan covering assessors and their deputies employed by any parish of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:1404 through 1494. The plan is a qualified plan as defined by the Internal Revenue Code Section 401(a), effective January 1, 1998.

Eligibility Requirements

All full-time employees who are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System.

Benefits Provided

The following is a 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.

A. Retirement

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

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

1, 2006 will have their benefit based on the highest 60 months consecutive service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

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 employees' lives in the form of a monthly annuity. Employees may elect a reduced benefit or any of four options at retirement:

1. If the member dies before he has received in annuity payments the present value of the member's annuity, as it was at the time of retirement, the balance is paid to his beneficiary.
2. Upon retirement, the member receives a reduced benefit. Upon the member's death, the surviving spouse will continue to receive the same reduced benefit.
3. Upon retirement, the member receives a reduced benefit. Upon member's death, the surviving spouse will receive one-half of the member's reduced benefit.
4. Upon retirement, the member may elect to receive a board-approved benefit that is actuarially equivalent to the maximum benefit.

B. 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 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.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

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.

C. Disability Benefits

The Board of Trustees 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:

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.

D. 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. 11:14568.2.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

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 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 the Back-DROP period. Cost-of-living adjustments shall not be payable on the member's Back-DROP lump sum.

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Notes to Financial Statements, Continued

December 31, 2017

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.

E. 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.

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 the state statute, contributions for all employers are actuarially determined each year. Employer contributions were 10.0% of members' earnings for the period of January 1, 2017 through September 30, 2017, and 8.0% for the period of October 1, 2017 through December 31, 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 the 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. Proportionate share of these non-employer contributions totaled \$759,237 during the measurement period and is recognized in the government-wide financial Statements as revenue during the year ended December 31, 2017, and included in pension expense. Although the direct employer actuarially required contribution for the fiscal year ended September 30, 2017 was 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 to be calculated and set on year prior to the year effective. The minimum direct employer

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Notes to Financial Statements, Continued

December 31, 2017

actuarially required contribution will be 5.25% for fiscal year 2018. Contributions to the pension plan from the Assessor were \$238,441 for the year ended December 31, 2017.

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

At December 31, 2017, the Employer reported a liability of \$1,006,782 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 5.7376%, which was a decrease of 0.1045% from its proportion measured as of September 30, 2016.

For the year ended December 31, 2017, the Assessor recognized pension expense of \$761,557 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$12,589).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 112,218	\$ 316,093
Changes of assumptions	629,685	-
Net difference between projected and actual earnings on pension plan investments	-	389,591
Changes in proportion and differences between Assessor contributions and proportionate share of contributions	-	64,903
Assessor contributions subsequent to the measurement date	96,399	-
Total	<u>\$ 838,302</u>	<u>\$ 770,587</u>

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

\$96,399 reported as deferred outflows of resources related to pensions resulting from Assessor 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 pensions will be recognized in pension expenses as follows:

Year ended September 30:	LA Assessor's Retirement Fund
2018	\$ 98,075
2019	149,353
2020	(211,906)
2021	(142,545)
2022	49,050

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal.
Investment Rate of Return (discount rate)	6.75%, net of pension plan investment expense, including inflation.
Inflation Rate	2.50%.
Salary Increase	5.75%.
Annuitant and beneficiary mortality	RP 2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and females.
Active Members Mortality	RP-2000 Employee Table set back four years for males and three years for females.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Tables set back five years for males and three years for females.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Discount Rate

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.50%
International Equity	8.50%
Domestic Bonds	2.50%
International Bonds	3.50%
Real Estate	4.50%
Alternative Assets	6.24%

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

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

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

Sensitivity to Changes 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 once percentage point higher (7.75%) than the current discount rate (assuming all other assumptions remain unchanged):

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Assessor's proportionate share of the net pension liability	\$ (1,056,864)	\$ 1,006,782	\$ 3,414,027

Retirement Fund Audit Report

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898-4699, or by calling (225) 928-8886.

6. Operating Lease

The Assessor signed a three-year operating lease effective April 1, 2018 for the satellite office on Coursey Blvd. with a monthly base rent of \$2,375. For the year ended December 31, 2017, rent expense was \$28,500 for this lease.

As of September 2017, the Assessor renewed its lease for the satellite office in Zachary. The lease term is for three years and the monthly payments are \$2,046. For the year ended December 31, 2017, rent expense was \$24,549 for this lease.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Future minimum lease payments due under these leases are as follows:

Due in year ending December 31			
2018	\$	53,049	
2019		53,049	
2020		44,866	
2021		7,125	
	\$	158,089	

7. Other Post Employment Benefits

Plan Description. The East Baton Rouge Parish Assessor's Office's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Employees are covered by the Louisiana Assessors' Retirement Fund, whose retirement eligibility provisions are as follows (ref. R.S. 11:1421): completion of 30 years of service at any age; or, attainment of age 55 and completion of 12 years of service. Complete plan provisions are included in the official plan documents.

Funding Policy. The plan is currently financed on a pay-as-you-go basis. Employees do not contribute to their post employment benefits cost until they become retirees and begin receiving those benefits. Complete plan provisions are included in the official plan documents.

Total monthly premium rates in effect for the plan year 2017 are below (note that there is an administrative fee of \$12 per retiree assessed for coverage):

Age	Medical		Dental	
	Retiree	Spouse	Retiree	Spouse
Pre-65	\$ 758.33	\$ 635.29	\$ 31.63	\$ 60.16
Post-65	529.14	635.29	31.63	60.16

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees but not for dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trend was used for dental insurance.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Life insurance coverage is provided to retirees and the blended rate (active and retired) is \$0.58 per \$1,000 of insurance. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at the earlier of retirement or age 70. The employer pays 100% of the cost of the retiree life insurance. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Annual Other Post employment Benefit Cost and Liability. East Baton Rouge Parish Assessor's Office's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB 45, which was initially implemented for the year ended December 31, 2009. The ARC is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits.

The total ARC for the fiscal year beginning January 1, 2017 is as set forth below:

Normal cost	\$ 428,365
30-year UAL amortization amount	<u>677,344</u>
Annual required contribution (ARC)	<u>\$ 1,105,709</u>

The table below shows East Baton Rouge Parish Assessor's Office's annual OPEB cost for the fiscal year ended December 31, 2017, the amount actually contributed to the plan, and changes in the East Baton Rouge Parish Assessor's Office's net OPEB obligation to the OPEB plan:

Annual required contribution	\$ 1,105,709
Interest on net OPEB obligation (asset)	191,606
ARC adjustment	<u>(314,171)</u>
OPEB cost	983,144
Contribution made	<u>(283,355)</u>
Change in net OPEB obligation	699,789
Beginning net OPEB obligation (asset) 01/01/2017	<u>6,279,260</u>
Ending net OPEB obligation (asset) 12/31/2017	<u>\$ 6,979,049</u>

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

The following table shows East Baton Rouge Parish Assessor's Office's annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended December 31, 2017, and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
December 31, 2015	\$ 983,144	22.25%	\$ 5,554,556
December 31, 2016	\$ 983,144	26.29%	\$ 6,279,260
December 31, 2017	\$ 983,144	28.82%	\$ 6,979,049

Funded Status and Funding Progress. In the fiscal year ending December 31, 2017, East Baton Rouge Parish Assessor's Office made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. Since no contributions were made, the entire actuarial accrued liability of \$10,327,440 was unfunded.

The funded status of the plan, as determined by an actuary as of January 1, 2017, was as follows:

Actuarial accrued liability (AAL)	\$ 10,327,440
Actuarial value of plan assets	-
Unfunded act. accrued liability (UAAL)	10,327,440
Funded ratio (act. val. assets/AAL)	0%
Covered payroll (active plan members)	2,769,857
UAAL as a percentage of covered payroll	372.9%

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Notes to Financial Statements, Continued

December 31, 2017

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, present as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by East Baton Rouge Parish Assessor's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between East Baton Rouge Parish Assessor's Office and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between East Baton Rouge Parish Assessor's Office and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

In the January 1, 2015 calculation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 6.10% and 6.80% for medical and pharmacy costs, respectively, scaling down to ultimate rates of 4.40% and 4.60% for medical and pharmacy costs, respectively, per year. The Sex Distinct RP 2000 Combined Healthy Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The Assessor's Office's unfunded actuarial accrued liability is being amortized over 30 years as a level dollar amount on a closed basis. There were no other changes in assumptions.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Governmental Fund - General Fund

Year Ended December 31, 2017

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual*

	GAAP Basis	Actual Adjustment to Budget Basis	Budget Basis	Budget		Variance - Favorable (Unfavorable)
				Original	Final	
Revenues						
Ad valorem taxes	\$ 5,091,608	\$ -	\$ 5,091,608	\$ 5,200,000	\$ 5,200,000	\$ (108,392)
Charges for services	143,152	-	143,152	175,000	175,000	(31,848)
Interest and investment earnings	27,862	(27,862) (1)	-	-	-	-
Miscellaneous	5,800	(5,800) (1)	-	-	-	-
Total Revenues	5,268,422	(33,662)	5,234,760	5,375,000	5,375,000	(140,240)
Expenditures						
Current						
General government						
Personnel services	3,876,134	-	3,876,134	4,346,440	4,346,440	470,306
Other services and charges	994,276	(5,243) (2)	989,033	1,157,032	1,157,032	167,999
Supplies	20,432	-	20,432	68,460	68,460	48,028
Capital outlay	80,308	-	80,308	203,230	203,230	122,922
Total Expenditures	4,971,150	(5,243)	4,965,907	5,775,162	5,775,162	809,255
Excess of Revenues Over (Under) Expenditures	297,272	\$ (28,419)	\$ 268,853	\$ (400,162)	\$ (400,162)	\$ 669,015
Fund Balances						
Beginning	<u>7,698,115</u>					
Ending	<u>\$ 7,995,387</u>					

Explanation of differences

- (1) Interest and investment income, and other miscellaneous revenues, are not budgeted.
- (2) Accrued expense and reversal of prior year accrued expense

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Schedule of Funding Progress for Postemployment Benefits

Year Ended December 31, 2017

Fiscal Year*	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	\$ -	\$ 10,327,440	\$ 10,327,440	0.00%	\$ 2,730,202	378.27%
2016	\$ -	\$ 10,327,440	\$ 10,327,440	0.00%	\$ 2,797,647	369.15%
2017	\$ -	\$ 10,327,440	\$ 10,327,440	0.00%	\$ 2,769,857	372.85%

* The amounts presented have a measurement date of 12/31/2015

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Schedule of Employer's Proportionate Share of the Net Pension Liability

Year Ended December 31, 2017

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
<u>LARS:</u>					
2015	5.9648%	\$ 3,121,519	\$ 2,493,023	125.21%	85.57%
2016	5.8421%	\$ 2,061,508	\$ 2,543,502	81.05%	90.68%
2017	5.7376%	\$ 1,006,782	\$ 2,518,917	39.97%	95.61%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of September 30 of the current fiscal year end.

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Schedule of Employer's Pension Contributions

Year Ended December 31, 2017

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
<u>LARS:</u>					
2017	\$ 238,441	\$ 238,441	\$ -	\$ 2,504,917	9.52%
2016	\$ 318,912	\$ 318,912	\$ -	\$ 2,522,137	12.64%
2015	\$ 340,826	\$ 340,826	\$ -	\$ 2,524,636	13.50%
2014	\$ 327,373	\$ 327,373	\$ -	\$ 2,424,985	13.50%
2013	\$ 320,476	\$ 320,476	\$ -	\$ 2,373,896	13.50%
2012	\$ 333,298	\$ 333,298	\$ -	\$ 2,468,874	13.50%
2011	\$ 331,975	\$ 331,975	\$ -	\$ 2,459,074	13.50%
2010	\$ 335,447	\$ 335,447	\$ -	\$ 2,484,792	13.50%
2009	\$ 334,358	\$ 334,358	\$ -	\$ 2,476,725	13.50%
2008	\$ 322,566	\$ 322,566	\$ -	\$ 2,389,377	13.50%

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Other Supplementary Information

December 31, 2017

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

*Schedule of Compensation, Benefits and Other Payments to
Agency Head*

Year Ended December 31, 2017

Agency Head Name: Brian Wilson, Assessor

Purpose	
Salary	\$ 172,515
Benefits - insurance	12,041
Benefits - retirement	16,389
Deferred compensation (contributions made by the agency)	6,024
Vehicle provided by government	4,257
Dues	190
Registration fees	3,729
Conference travel	3,855
	<hr/>
	\$ 218,999



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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 Brian Wilson, Assessor
East Baton Rouge Parish Assessor's Office

We have audited, in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of the East Baton Rouge Parish Assessor's Office as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Assessor's Office's basic financial statements, and have issued our report thereon dated April 11, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Baton Rouge Parish Assessor's Office's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Assessor's Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Assessor's Office's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting 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, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of finding and responses as item 2017-001 to be a significant deficiency.

Compliance and Other Matters

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

East Baton Rouge Parish Assessor's Office's Response to Findings

The East Baton Rouge Parish Assessor's Office's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The East Baton Rouge Parish Assessor's Office'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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC



April 11, 2018
Baton Rouge, Louisiana

EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

Schedule of Findings and Responses

December 31, 2017

Section I- Internal Control Findings

Item 2017-001 Financial statements are required to be prepared in accordance with generally accepted accounting principles.

Criteria. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles.

Condition. The East Baton Rouge Assessor's Office does not have a certified public accountant on staff with the technical expertise to prepare financial statements in accordance with generally accepted accounting principles.

Cause. Management has concluded that it is not cost effective to hire a certified public accountant with the technical expertise to prepare financial statements in accordance with generally accepted accounting principles.

Effect. Material misstatements in the financial statements could go undetected.

Recommendation. Management should continue to evaluate the cost and related benefit of retaining a certified public accountant with technical expertise sufficient to prepare financial statements in accordance with generally accepted accounting principles.

Management's response. The size of the office's accounting and administrative staff does not warrant retaining personnel with such specialized expertise. The assessor believes that his staff is fully competent to perform their assigned duties and has determined it is most cost effective to request that the auditor assist with preparing adjustments necessary for the financial statements to be presented in accordance with generally accepted accounting principles. We will continue to monitor this issued on an annual basis.

Section II- Independent Auditor's Comment on Resolution of Prior Audit Findings Internal Control Findings

Item 2017-001 This is a repeat of a prior year's finding.

**INDEPENDENT
ACCOUNTANT'S REPORT
ON THE APPLICATION
OF AGREED-UPON PROCEDURES**

East Baton Rouge Parish Assessor's Office

September 30, 2017



8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Brian Wilson
East Baton Rouge Assessor's Office

We have performed the procedures enumerated below, which were agreed to by the East Baton Rouge Parish Assessor's Office and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period October 1, 2016 through September 30, 2017. The East Baton Rouge Parish Assessor's Office's management is responsible for those C/C areas identified in the SAUPs. For any procedures that do not apply, we have marked "not applicable."

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* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we 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.

The procedures and associated findings are as follows:

Written Policies and Procedures

Procedure 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 purchase orders; (4) controls and checks to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts**, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-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.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **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) system 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings:

The entity does not have written policies and procedures that address a requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Board

Procedure 2: Obtain and review board/committee minutes for the 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.

Findings:

The entity does not have a board (or finance committee), as the Assessor is an elected official responsible for all oversight of the entity. Therefore, this procedure was not applicable to the entity.

- 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 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 period reflect that the board is monitoring the plan.

Findings:

The entity does not have a board (or finance committee), as the Assessor is an elected official responsible for all oversight of the entity. Therefore, this procedure was not applicable to the entity.

- 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 period.

Findings:

The entity does not have a board (or finance committee), as the Assessor is an elected official responsible for all oversight of the entity. Therefore, this procedure was not applicable to the entity.

Bank Reconciliations

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

We obtained a listing of 4 bank accounts.

Procedure 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 period and report whether:

- a) Bank reconciliations have been prepared;

Findings:

Bank reconciliations were not prepared for 3 of the 4 bank accounts.

- 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

Findings:

Bank reconciliations do not include evidence that a member of management or a board member has reviewed the bank reconciliation.

- 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 period.

Findings:

No exceptions noted.

Collections

Procedure 5: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

We obtained a listing of cash collection locations and management's representation that the listing is complete. There is only one collection location, which is the office on St. Louis St.

Procedure 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions noted.

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

Findings:

A deposit of \$1,402 was not made within one day of collection. Collections in this deposit range from 6 to 19 days before deposit.

Procedure 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.

Findings:

No exceptions noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

Procedure 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.

We obtained a listing of entity disbursements from management.

Procedure 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

period), excluding credit card/debit card/fuel card/P-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:

From the population of 527 disbursements totaling \$2,753,949, a random sample of 25 cash disbursements totaling \$64,986 was selected for testing.

- 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.

Findings:

No exceptions noted.

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

Findings:

No exceptions 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.

Findings:

Three payments for parking were processed without invoices.

Procedure 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.

Findings:

No exceptions noted.

Procedure 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.

Findings:

No exceptions noted.

Procedure 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.

Findings:

No exceptions noted.

Procedure 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.

Findings:

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Procedure 14: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

We obtained a listing of active bank debit cards and fuel cards.

Procedure 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 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.

The entity has 11 active bank debit and fuel cards. We selected a random sample of 10 for testing.

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.)]

Findings:

The statement for one card selected for testing did not indicate that it had been reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings:

No exceptions noted.

Procedure 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)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Findings:

No exceptions 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.

Findings:

No exceptions 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.

Findings:

No exceptions noted.

Travel and Expense Reimbursement

Procedure 17: Obtain from management a listing of all travel and related expense reimbursements, by person, during the 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.

We obtained a listing of all travel and related expense reimbursements, by person, during the period.

Procedure 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.

Findings:

No exceptions noted.

Procedure 19: Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the 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:

One employee incurred travel costs, totaling \$39, during the period.

- 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.

Findings:

No exceptions 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.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Findings:

No exceptions 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.

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

Contracts

Procedure 20: Obtain a listing of all contracts in effect during the 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.

We obtained a listing of 3 contracts in effect during the period, totaling \$600,632. We selected all 3 contracts for testing.

Procedure 21: Using the listing above, select the five contract "vendors" that were paid the most money during the 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.

Findings:

No exceptions 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)

Findings:

No exceptions noted.

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

Findings:

General Informatics – This is a service contract that was not required to be bid.

Espoir Properties – This is a real estate lease contract that was not required to be bid.

- 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.

Findings:

No exceptions noted.

- 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.

Findings:

No exceptions 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).

Findings:

The entity does not have a board, as the Assessor is an elected official responsible for all oversight of the entity. Therefore, this procedure was not applicable to the entity.

Payroll and Personnel

Procedure 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:

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

Findings:

No exceptions noted.

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

Findings:

No exceptions noted.

Procedure 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 period), and:

We selected the pay period ending July 15, 2017. We selected a random sample of 25 employees.

- 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.)

Findings:

No exceptions noted.

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

Findings:

No exceptions 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.

Findings:

No exceptions noted.

Procedure 24: Obtain from management a list of those employees/officials that terminated during the 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 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.

Findings:

No exceptions noted.

Procedure 25: Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the 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.

Findings:

No exceptions noted.

Ethics (excluding nonprofits)

Procedure 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.

Findings:

No exceptions noted.

Procedure 27: Inquire of management whether any alleged ethics violations were reported to the entity during the 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.

Findings:

No exceptions noted.

Debt Service (excluding nonprofits)

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

Findings:

No debt was issued during the period. Therefore, this procedure was not applicable.

Procedure 29: If the entity had outstanding debt during the 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.

Findings:

The entity did not have any outstanding obligations during the period. Therefore, this procedure was not applicable.

Procedure 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 period. Also, report any millages that continue to be received for debt that has been paid off.

Findings:

The entity did not have tax millages related to debt service. Therefore, this procedure was not applicable.

Other

Procedure 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.

Findings:

No exceptions noted.

Procedure 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 (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

As of December 29, 2017, the Assessor's Office did not have the notice posted on its website.

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

Findings:

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC



March 14, 2018