

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

*Annual Financial Report*

As of and for the Year Ended

December 31, 2018

**KEITH J. ROVIRA**  
*Certified Public Accountant*

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of the St. John the Baptist Parish Assessor, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the assessor's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the assessor's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the assessor's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective net position of the St. John the Baptist Parish Assessor as of December 31, 2018, and the respective changes in net position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note L to the financial statements, in 2018 the St. John the Baptist Parish Assessor adopted and implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. As a result of this change in accounting principle, the assessor's Net Position at the Beginning of the Year at December 31, 2017, on the Statement of Activities required restatement. My opinion is not modified with respect to this matter.

### **Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

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

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

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

In accordance with *Government Auditing Standards*, I have also issued a report dated June 27, 2019, on my consideration of the St. John the Baptist Parish Assessor's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the assessor's internal control over financial reporting and compliance.



Keith J. Rovira  
Certified Public Accountant  
Metairie, Louisiana

June 27, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Management's Discussion and Analysis  
As of and for the year ended December 31, 2018

The Management's Discussion and Analysis (MD&A) of the St. John the Baptist Parish Assessor's financial performance presents a narrative overview and analysis of the assessor's financial activities for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the basic financial statements. The MD&A is an element of the new reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June, 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

The minimum requirements for financial reporting on the St. John the Baptist Parish Assessor's office that was established by GASB No. 34 are divided into the following sections:

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

**Basic Financial Statements:**

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

- (1) **Government – Wide Financial Statements**, which include a Statement of Net Position and Statement of Activities. These statements present financial information for all activities of the assessor from an economic resources measurement focus using the accrual basis of accounting and providing both short-term and long-term information about the assessor's overall financial status.
- (2) **Fund Financial Statements**, which include a Balance Sheet and a Statement of Revenues, Expenses, and Changes in Fund Balance for the General Fund (a governmental fund). These financial statements present information on the individual fund of the assessor allowing for more detail. The current financial resources measurement focus and the accrual basis of accounting used to prepare these statements is dependent on the fund type. The assessor's only governmental fund is the General Fund. The statements in this section represent the short-term financing of general government.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Management's Discussion and Analysis  
 As of and for the year ended December 31, 2018

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position  
 December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current assets	\$6,306,565	\$5,964,801
Capital assets	<u>49,753</u>	<u>18,203</u>
Total Assets	<u>6,356,318</u>	<u>5,983,004</u>
Deferred outflows of resources	<u>301,468</u>	<u>163,350</u>
Current liabilities	5,159	-
Long-term liabilities	<u>1,144,999</u>	<u>696,408</u>
Total Liabilities	<u>1,150,158</u>	<u>696,408</u>
Deferred inflows of resources	<u>214,540</u>	<u>144,145</u>
Net Position:		
Invested in capital assets, net of related debt Restricted for the Funding of Other Post-Employment Benefit Obligations (OPEB) and the Related Unfunded Actuarial Accrued Liability (UAAL)	49,753	18,203
Unrestricted	<u>1,800,000</u>	<u>1,800,000</u>
Total Net Position	<u>3,443,335</u>	<u>3,487,518</u>
Total Net Position	<u>\$5,293,088</u>	<u>\$5,305,721</u>

The assessor has "restricted" \$1,800,000 of the office's net position as shown above to help fund the current and future obligation that the office has to retired employees for health, dental and life insurances.

Unrestricted net positions are those that do not have any limitations on what these amounts may be used for.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Management's Discussion and Analysis (Continued)  
 As of and for the year ended December 31, 2018

Statement of Revenues, Expenditures and Changes in Fund Balance  
 For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Revenues	\$1,377,731	\$1,310,585
Expenditures	<u>(1,041,126)</u>	<u>(891,023)</u>
Net Changes in Fund Balance	<u>\$336,605</u>	<u>\$419,562</u>

Total revenues increased by \$67,146, and total expenditures increased by \$150,103, from the prior year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At December 31, 2018, the assessor had \$49,753 invested in capital assets, including office furniture and equipment. This amount represents the total original cost of the capital assets less accumulated depreciation on those assets as shown in the table below:

	<u>2018</u>	<u>2017</u>
Capital Assets (Net of Accumulated Depreciation) As of December 31, 2018 and 2017		
Office furniture and equipment	\$125,477	\$84,865
Less: accumulated depreciation	<u>(75,724)</u>	<u>(66,662)</u>
Total Net Capital Assets	<u>\$49,753</u>	<u>\$18,203</u>

Debt Administration

The assessor had no debt outstanding at year end.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Management's Discussion and Analysis (Continued)  
As of and for the year ended December 31, 2018

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (2019)**

In the 2019 Operating Budget, the assessor maintained the \$1,800,000 "restricted" funds that were set aside to help fund the obligation the office has to its retired employees in the form of other post-employment benefits (OPEB) for health, dental and life insurance.

The assessor also considered the following factors and indicators when setting up the 2019 budget. These factors and indicators include: (1) revenues to be received from the collection of ad valorem taxes and state revenue sharing should be relatively the same; (2) total expenditures are expected to be approximately the same as was in 2018; (3) the office's available revenues will be sufficient to cover its annual 2019 expenditures.

**CONTACTING THE ASSESSOR**

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the assessor's finances, and to show the assessor's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the St. John the Baptist Parish Assessor at 1801 West Airline Highway, Room 103, LaPlace, Louisiana 70068, or call 985-652-5311.

**BASIC FINANCIAL STATEMENTS**  
**(GOVERNMENT-WIDE FINANCIAL STATEMENTS)**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana  
Statement of Net Position  
As of December 31, 2018

**ASSETS****Current Assets:**

Cash and cash equivalents	\$4,539,529
Investments – LAMP	510,738
Revenues receivables:	
Ad valorem tax	1,223,571
State revenue sharing	<u>32,727</u>
Total Current Assets	<u>6,306,565</u>

**Noncurrent Assets:**

Capital assets, net of depreciation	<u>49,753</u>
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Total Noncurrent assets	<u>49,753</u>
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TOTAL ASSETS	<u>6,356,318</u>
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Deferred Outflows of Resources	<u>301,468</u>
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**LIABILITIES**

Current Liabilities:	<u>5,159</u>
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Total Current Liabilities	<u>5,159</u>
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**Long-term Liabilities:**

Net pension liability	214,412
Net other postemployment benefit obligations (OPEB)	<u>930,587</u>

Total Long-term Liabilities	<u>1,144,999</u>
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TOTAL LIABILITIES	<u>1,150,158</u>
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Deferred Inflows of Resources	<u>214,540</u>
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**NET POSITION**

Invested in capital assets, net of related debt	49,753
Restricted for the Funding of Other Postemployment Benefit Obligations (OPEB) and the Related Unfunded Actuarial Accrued Liability (UAAL)	1,800,000
Unrestricted	<u>3,443,335</u>

TOTAL NET POSITION	<u>\$5,293,088</u>
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The accompanying notes are an integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Statement of Activities  
 As of and for the year ended December 31, 2018

**EXPENSES****Governmental Activities:**

Salaries and related benefits	\$776,863
Net effect of GASB 68 (pension liability) and GASB 75 (OPEB)	(76,121)
Office supplies and expenses	118,631
Travel and automotive	40,062
Professional and legal fees	56,742
Capital outlay	34,831
Depreciation expense	<u>9,062</u>

Total Expenses 960,070

**GENERAL REVENUES**

Ad valorem taxes	1,257,651
State revenue sharing	49,090
Interest earnings	68,990
Other	<u>2,000</u>

Total General Revenues 1,377,731

Change in Net Position 417,661

Net Position at Beginning of Year, as restated 4,875,427

Net Position at End of Year \$5,293,088

The accompanying notes are an integral part of this statement.

**BASIC FINANCIAL STATEMENTS**  
**(FUND FINANCIAL STATEMENTS)**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Balance Sheet  
 General Fund – Governmental Fund  
 December 31, 2018

**ASSETS**

Cash and cash equivalents	\$4,539,529
Investments – LAMP	510,738
Revenues receivable:	
Ad valorem taxes	1,223,571
State revenue sharing	<u>32,727</u>
 Total Assets	 <u>\$6,306,565</u>

**LIABILITIES AND FUND BALANCES**

## Current Liabilities:

Payroll deductions payable	\$ <u>5,159</u>
 Total Current Liabilities	 <u>5,159</u>

## Fund Balance:

Nonspendable	-
Restricted	1,800,000
Committed	-
Assigned	-
Unassigned	<u>4,501,406</u>

 Total Fund Balance	 <u>6,301,406</u>
 Total Liabilities and Fund Balance	 <u>\$6,306,565</u>

The accompanying notes are in integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Government-Wide Statement of Net Position  
 General Fund  
 December 31, 2018

Total Fund Balance - Governmental Fund	\$6,301,406
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet, net of accumulated depreciation	49,753
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Deferred outflows of resources	301,468
Deferred inflows of resources	(214,540)
Net pension liability	(214,412)
Net other postemployment benefit obligations (OPEB)	<u>(930,587)</u>

Total Net Position - Governmental Activities	\$ <u>5,293,088</u>
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The accompanying notes are an integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Statement of Revenue, Expenditures and Changes in Fund Balance  
 General Fund - Governmental Fund  
 For the Year Ended December 31, 2018

**REVENUES**

Ad valorem taxes	\$1,257,651
State revenue sharing	49,090
Interest earnings	68,990
Other	<u>2,000</u>
 Total Revenues	 <u>1,377,731</u>

**EXPENDITURES**

Salaries and related benefits	790,860
Office supplies and expenses	118,631
Travel and automotive	40,062
Professional and legal fees	56,742
Capital outlay	<u>34,831</u>
 Total Expenditures	 <u>1,041,126</u>
 Net Change in Fund Balance	 336,605
 Fund Balance at Beginning of Year	 <u>5,964,801</u>
 Fund Balance at End of Year	 <u>\$6,301,406</u>

The accompanying notes are an integral part of this statement

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balance to the Statement of Activities  
 For the Year Ended December 31, 2018

Net change in fund balance per the Statement of Revenues, Expenditures and Changes in Fund Balance	\$336,605
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation that was charged during the current year.	(9,062)
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Some items reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Net effect of GASB 68 (pension liability) and GASB 75 (OPEB)	<u>90,118</u>
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Change in net position per the Statement of Activities	<u>\$417,661</u>
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The accompanying notes are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Notes to the Financial Statements  
December 31, 2018

## INTRODUCTION

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four-year term. The assessor assesses all real and movable property in the parish subject to ad valorem taxation, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The assessor is authorized to appoint as many deputies as may be necessary for efficient operation of the office and provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies.

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

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Presentation

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

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Revenue Recognition**

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

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

**Expense Recognition**

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

**2. Reporting Entity**

For financial reporting purposes, in conformance with GASB Codification Section 2100, the assessor is an independently elected official who operates his office without oversight responsibility to the parish governing authority, the St. John the Baptist Council. Louisiana revised statutes give each assessor control over all of their operations. This includes the hiring and retention of employees, authority over budgeting, responsibility for funding deficits and operating deficiencies, and fiscal management for controlling the collection and disbursement of funds. Therefore, the assessor reports as an independent reporting entity and the financial statements include only the transactions of the St. John the Baptist Parish Assessor. Furthermore, the St. John the Baptist Parish Council, the parish's governing authority, does not include the assessor as a component unit in its comprehensive annual financial report.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2018

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Fund Accounting

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

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

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

4. Budgets

The proposed original budget for the year ended December 31, 2018, was made available for public inspection at the assessor's office and advertised on December 11, 2017. The budget was adopted after a public hearing which was held on December 28, 2017. The proposed budget was prepared on the modified accrual basis of accounting. The assessor reserves all authority to make changes to the budget.

The original budget for the year ended December 31, 2018, was amended and was made available for public inspection at the assessor's office and advertised on December 12, 2018. The budget was adopted after a public hearing which was held on December 27, 2018. The proposed budget was prepared on the modified accrual basis of accounting. The assessor reserves all authority to make changes to the budget.

Formal budget integration within the accounting records is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget and all subsequent amendments.

All appropriations contained in the budget lapse at year end.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Notes to the Financial Statements  
December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

5. Cash and Cash Equivalents  
Cash includes amounts in noninterest bearing demand deposits. Cash equivalents include amounts in certificates of deposit. Under state law, the assessor may deposit funds in demand deposits, money market accounts, or certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.
6. Receivables  
Receivables are made up of ad valorem taxes and state revenue sharing. Ad valorem tax receivables recorded as of December 31, 2018 are based on the actual ad valorem taxes received in the first five months of the ensuing calendar year. Therefore, there was no need for estimating an uncollectible amount.
7. Capital Assets  
Capital assets are recorded at either historical cost or estimated historical cost and are depreciated over their estimated useful lives (excluding salvage value). These assets are reported on the Statement of Net Assets at original cost less accumulated depreciation, and annual depreciation expense is reported in the Statement of Activities. Any donated capital assets are recorded at their estimated fair value at the date of donation. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation with an estimated useful life of 5 years is used for all office furniture and equipment.
8. Compensated Absences  
Employees of the assessor's office earn vacation leave depending on length of service as follows: after one year of service an employee earns 5 days; after two years of service an employee earns 10 days; after three and four years of service an employee earns 15 days; after five years of service an employee earns 20 days. An employee cannot earn more than 20 days per year after five years of service. Vacation leave must be taken during the year earned, and cannot be accumulated. Sick leave is granted at the discretion of the assessor, and cannot be accumulated. Upon termination, resignation, or retirement employees are not paid for any unused vacation or sick leave earned during the year. At December 31, 2018, there were no accumulated or vested benefits related to vacation and sick leave that require disclosure in the financial statements.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2018

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Notes to the Financial Statements  
 December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

**Nonspendable:** amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted:** amounts that can be spent for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments

**Committed:** amounts that can be used only for specific purposes determined by a formal action of the assessor. The assessor is the highest level of decision making authority for the assessor’s office. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the assessor.

**Assigned:** amounts that do not meet the criteria to be classified as restricted or restricted, but that are intended to be used for specific purposes. Under the assessor’s adopted policy, only the assessor may assign amounts for specific purposes.

**Unassigned:** all other spendable amounts.

	<u>General Fund</u>
Nonspendable:	-
Restricted:	\$1,800,000
Committed:	-
Assigned:	-
Unassigned:	<u>4,501,406</u>
Total	<u>\$6,301,406</u>

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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Notes to the Financial Statements

December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**NOTE B – LEVIED TAXES**

Ad valorem taxes of 3.04 mills were authorized and levied for the operation of the assessor's office for the year ended December 31, 2018. The following are the four principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Business Type</u>	<u>2018 Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Marathon Ashland, LLC	Oil	\$174,599,668	39%
Crowley Blue Water Partners	Transport.	11,290,240	3
Entergy Louisiana, Inc.	Energy	10,690,940	2
Louisiana Machinery	Machinery	10,210,809	2
Nalco Chemical	Chemical	<u>9,501,380</u>	<u>2</u>
Total		<u>\$216,293,037</u>	<u>48%</u>

The total taxable valuation for all taxpayers at December 31, 2018, was \$445,796,926. This figure was used in calculating the percentage of the "2018 taxable valuation of each of the principal taxpayers" to the "total taxable valuation for all taxpayers."

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
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**NOTE C – CASH AND CASH EQUIVALENTS**

At December 31, 2018, the carrying amounts (book balances) of all cash and cash equivalents of the assessor are listed as follows:

Interest bearing bank account	\$ 603,921
Certificates of deposit	<u>3,935,608</u>
Total	<u>\$4,539,529</u>

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

At December 31, 2018, the assessor had \$4,556,502 in deposits (collected bank balances). These deposits were secured from risk by \$1,351,580 of federal deposit insurance and \$4,018,382 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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**NOTE D – INVESTMENTS – LOUISIANA ASSET MANAGEMENT POOL**

At December 31, 2018, the assessor held the following types of investments:

<u>Type of Investment</u>	<u>Cost/ Carrying Amount</u>	<u>Market Value</u>
Louisiana Asset Management Pool (LAMP)	\$510,738	\$510,738

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

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

LAMP is an investment pool that to the extent practical invests in a manner consistent with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The following facts are relevant for investment pools:

Credit risk: LAMP is rated AAAM by Standard and Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM

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

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

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

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

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the Securities and Exchanges Commission as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

**NOTE D – CAPITAL ASSETS**

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

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

	<u>Balance</u> <u>12/31/17</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/18</u>
<u>Capital Assets (at Cost):</u>				
Office furniture & equipment	\$84,865	\$40,612	-	\$125,477
<u>Less: Accumulated Depreciation:</u>				
Office furniture & equipment	66,662	9,062	-	75,724

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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**NOTE E – PENSION PLAN/GASB 68**

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

**Plan Description**

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

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

**Pension Benefits**

Employees who were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service. Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service not to exceed 100% of final compensation. Employees who become members on or after October 1, 2006, will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint/survivor annuity.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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Notes to the Financial Statements

December 31, 2018

**NOTE E – PENSION PLAN/GASB 68 (CONTINUED)**

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

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

**Death Benefits**

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

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

**Disability Benefits**

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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Notes to the Financial Statements

December 31, 2018

**NOTE E – PENSION PLAN/GASB 68 (CONTINUED)**

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

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

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

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

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

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

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

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

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December 31, 2018

**NOTE E – PENSION PLAN/GASB 68 (CONTINUED)**

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

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

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

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

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Notes to the Financial Statements

December 31, 2018

**NOTE E – PENSION PLAN/GASB 68 (CONTINUED)****Excess Benefit Plan**

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

**Employee and Employer Contributions**

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

Administrative costs of the Fund are financed through employer contributions. According to state statute, contributions for all employers are actuarially determined each year. Employer contributions were 8.0% of members' earnings for the year ended September 30, 2018.

The Fund also receives one-fourth of one percent of the property taxes assessed in each parish of the state as well as a state revenue sharing appropriation. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement System's Actuarial Committee. Although the actuarially-determined employer contribution for the fiscal year ended September 30, 2018 was 5.24%, the actual employer contribution rate for the fiscal year ended September 30, 2018 was 8.0%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set on year prior to the year effective.

**Schedule of Employer Allocations**

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

The allocation method used in determining each employer's proportion was based on the employer's contribution total to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the Retirement Fund for the fiscal year ended September 30, 2018.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

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

At December 31, 2018, the Assessor reported a liability of \$214,412 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of September 30, 2018 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, 2018, the Assessor's proportion was 1.102920%, which was a decrease of .015184% from its proportion measured in the prior year.

For the year ended December 31, 2018, the Assessor recognized pension expense of \$138,583.

At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resource related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$16,179	\$98,165
Changes in assumptions	275,137	-
Net difference between projected and actual earnings on pension plan investments	-	109,166
Change in proportion and differences between employer contributions and proportionate share of contributions	10,152	7,209
Employer contributions subsequent to the measurement date	-	-
	<u>\$301,468</u>	<u>\$214,540</u>

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

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Notes to the Financial Statements

December 31, 2018

NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Deferred outflows of resources of \$301,468 related to pensions resulting from the Assessor's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30,	
2019	\$56,646
2020	(18,875)
2021	(4,322)
2022	27,645
2023	<u>25,834</u>
Total	<u>\$86,928</u>

Actuarial Methods and Assumptions

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

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 are as follows:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	6.25% (Net of pension plan investment expense, including inflation.)
Projected Salary Increases:	5.75%
Inflation rate:	2.20%

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Retiree Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustee.

Mortality

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

Sensitivity to Change in Discount Rate

The following presents the net pension liability of the Fund calculated using the discount rate of 6.25%, 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 (5.25%) or one percentage point higher (7.25%) than the current rate (assuming all other assumptions remain unchanged):

	<u>Changes in Discount Rate</u>		
	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
Employer's Proportionate share of the net pension liability	\$721,158	\$214,412	\$(219,724)

Change in Net Pension Liability

The changes in the net pension liability for the year ended September 30, 2018 were recognized in the current reporting period except as follows:

Differences Between Expected and Actual Experience

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$98,165 and \$16,179 for deferred outflow of resources for the year ended December 31, 2018.

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NOTE E – PENSION PLAN/GASB 68 (CONTINUED)

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense (benefit) using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$109,166 and \$0 for deferred outflow of resources for the year ended December 31, 2018.

Changes of Assumptions or Other Income

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred inflow of resources in the amount of \$0 and \$275,137 for deferred outflow of resources for the year ended December 31, 2018.

Changes in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in proportion or other inputs resulted in deferred inflow, and deferred outflow, of resources in the amounts of \$7,209, and \$10,152, respectively, for the year ended December 31, 2018.

Contributions - Proportionate Share

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

Retirement Fund Audit Report

The Louisiana Assessors' Retirement Fund and Subsidiary has issued a stand-alone audit report on their financial statements for the year ended September 30, 2018. Access to the report can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov), or by contacting the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, Louisiana 70898.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
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**NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

**Plan description:** The St. John the Baptist Parish Assessor (the assessor) provides certain continuing health care and life insurance benefits for its retired employees. The St. John the Baptist Parish Assessor's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the assessor. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the assessor. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52, *Post-Employment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

**Benefits Provided:** Medical, dental, vision, and life benefits are provided through comprehensive plans and are made available to employees upon actual retirement. Employees are covered by the Louisiana Assessors' Retirement Fund, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: attainment of age 55 and 12 years of service; or, any age and 30 years of service; employees hired on and after October 1, 2013 are not able to retire or enter DROP until age 60 with 12 years of service; or, age 55 with 30 years of service. The retiree must also have 20 years of service for the retiree to receive employer contributions.

Life insurance coverage is provided to retirees and 100% of the blended rate (active and retired) is paid by the employer. The amount of insurance coverage while active is continued after retirement, but insurance coverage amounts are reduced to 50% of the original amount at age 70 or at retirement.

**Employees covered by benefit terms:** At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>6</u>

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**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana  
Notes to the Financial Statements  
December 31, 2018

**NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Total OPEB Liability**

The assessor's total OPEB liability of \$930,587 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and other inputs:** The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate:	2.50%
Salary increases:	4.00%, including inflation
Discount	3.44%, annually (Beginning of Year to Determine ADC)
	4.10%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates:	Flat 5.50%, annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2018.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
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 December 31, 2018

**NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Changes in the Total OPEB Liability**

Balance at December 31, 2017	<u>\$985,916</u>
Changes for the year:	
Service cost	14,783
Interest	34,170
Differences between expected and actual experience	4,057
Changes in assumptions	(72,482)
Benefit payments and net transfers	<u>(35,857)</u>
Net changes	<u>(55,329)</u>
 Balance at December 31, 2018	 <u>\$930,587</u>

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the assessor, as well as what the assessor's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>3.10%</u>	<u>4.10%</u>	<u>5.10%</u>
Total OPEB liability	\$1,042,232	\$930,587	\$835,977

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the assessor, as well as what the assessor's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	<u>4.50%</u>	<u>5.50%</u>	<u>6.50%</u>
Total OPEB liability	\$857,459	\$930,587	\$1,016,433

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Notes to the Financial Statements  
 December 31, 2018

**NOTE F – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the Assessor recognized OPEB expense of \$99,015. At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$3,550	-
Changes in assumptions	<u>-</u>	\$(63,422)
Total	<u>\$3,550</u>	<u>\$(63,422)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:

2019	\$(8,553)
2020	\$(8,553)
2021	\$(8,553)
2022	\$(8,553)
2023	\$(8,553)
Thereafter	\$(17,106)

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

LaPlace, Louisiana

Notes to the Financial Statements

December 31, 2018

**NOTE G – LEASES**

Operating leases are all leases that do not meet the criteria of capital leases. In 2018, the Assessor entered into an operating lease agreement for an automobile for his Chief Deputy. Total annual minimum lease commitments for these operating leases are as follows:

Year ending December 31:

2019	\$19,071
2020	17,680
2021	<u>390</u>
Total minimum lease payments	<u>\$37,141</u>

There were no other operating or capital leases, and no other commitments on any leases as of December 31, 2018.

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

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

**NOTE I – LITIGATION**

There was no litigation pending against the assessor's office at December 31, 2018.

**NOTE J – RISK MANAGEMENT**

The assessor is exposed to risks of loss in the areas of general and auto liability and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current year,

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Notes to the Financial Statements  
 December 31, 2018

**NOTE J – RISK MANAGEMENT (CONTINUED)**

nor have there been any settlements which have exceeded the insurance coverage maintained for the past three years.

**NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 27, 2019, the date which the financial statements were available to be issued.

**NOTE L – RESTATEMENT OF THE BEGINNING OF YEAR NET POSITION –  
 CHANGE IN ACCOUNTING PRINCIPLE**

In June 2015, the Governmental Accounting Standards Board (GASB) approved Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. GASB Statement No. 75, which replaces GASB 45, will improve accounting and financial reporting by state and local governments and was implemented by the assessor during the year ended December 31, 2018. This statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

The statement resulted in a restatement of the December 31, 2017, Beginning Net Position of governmental activities – General Fund on the Statement of Activities found on page 11 of this report as follows:

Net Position, December 31, 2017, as previously reported	\$5,305,721
Change in accounting principle:	
Net effect of implementing GASB No. 75 (OPEB)	<u>(430,294)</u>
Net Position, December 31, 2017, as restated	<u>\$4,875,427</u>

**REQUIRED SUPPLEMENTARY INFORMATION (RSI)**

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Required Supplementary Information  
 Budgetary Comparison Schedule – General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	with Final Budget Positive (Negative)
<b><u>REVENUES</u></b>				
Ad valorem taxes	\$1,268,836	\$1,207,965	\$1,257,651	\$49,686
State revenue sharing	42,000	16,510	49,090	32,580
Interest earnings	36,000	37,395	68,990	31,595
Other	<u>-</u>	<u>1,500</u>	<u>2,000</u>	<u>500</u>
Total Revenues	<u>1,346,836</u>	<u>1,263,370</u>	<u>1,377,731</u>	<u>114,361</u>
<b><u>EXPENDITURES</u></b>				
Salaries, related expenditures	850,725	850,725	790,860	59,865
Office supplies and expend.	65,500	65,500	118,631	(53,131)
Travel & automotive	30,000	30,000	40,062	(10,062)
Professional & legal fees	39,000	39,000	56,742	(17,742)
Capital outlay	<u>160,000</u>	<u>160,000</u>	<u>34,831</u>	<u>125,169</u>
Total Expenditures	<u>1,145,225</u>	<u>1,145,225</u>	<u>1,041,126</u>	<u>104,099</u>
Excess of Revenues over Expenditures	201,611	118,145	336,605	218,460
Fund Balance at Beginning of Year	<u>4,700,000</u>	<u>4,700,000</u>	<u>5,964,801</u>	<u>1,264,801</u>
Restricted for OPEB Obligation	4,901,611	4,818,145	6,301,406	1,483,261
	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>-</u>
Unrestricted Fund Balance at End of Year	<u>\$3,101,611</u>	<u>\$3,018,145</u>	<u>\$4,501,406</u>	<u>\$1,483,261</u>

The accompanying notes are an integral part of this statement.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2018

**Schedule of Changes in Net OPEB Liability and Related Ratios**

**Total OPEB Liability**

Service cost	\$ 14,783
Interest	34,170
Changes of benefit terms	-
Differences between expected and actual experience	4,057
Changes of assumptions	(72,482)
Benefit payments	<u>(35,857)</u>
<b>Net change in total OPEB liability</b>	<b>(55,329)</b>
<b>Total OPEB liability - beginning</b>	<b><u>985,916</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$930,587</u></b>
Covered-employee payroll	\$366,350
Net OPEB liability as a percentage of covered payroll	254.02%

Notes to this Schedule

**Benefit Changes:** There were no changes of benefit terms for the year ended December 31, 2018.

**Changes of Assumptions:** The discount rate as of 12/31/2017 was 3.44% and it changed to 4.10% as of 12/31/2018.

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Required Supplementary Information (Continued)  
 For the Year Ended December 31, 2018

**Schedule of Employer's Share of Net Pension Liability**

<u>Year Ended Dec 31,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	1.130930%	\$591,841	\$478,191	123.77%	85.57%
2016	1.145647%	\$404,264	\$518,982	77.90%	90.68%
2017	1.118104%	\$196,195	\$477,936	41.05%	95.61%
2018	1.102920%	\$214,412	\$366,350	58.50%	95.46%

**Schedule of Employer's Contributions**

<u>Year Ended Dec. 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions In Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer Covered Employee Payroll</u>	<u>Contributions as % of Covered Employee Payroll</u>
2015	\$64,556	\$64,556	-	\$478,191	12.0%
2016	\$65,042	\$65,042	-	\$518,982	12.5%
2017	\$44,640	\$44,640	-	\$477,936	9.3%
2018	\$39,326	\$39,326	-	\$366,350	10.7%

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

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Required Supplementary Information (Continued)  
Notes to Required Supplementary Information  
For the Year Ended December 31, 2018

(1) **Budgets**

The assessor adopted a budget as required by Louisiana Revised Statute 39:1301-1316, for the year ending December 31, 2018.

(2) **Pension Plan**

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

**INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS**

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

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

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the St. John the Baptist Parish Assessor, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the St. John the Baptist Parish Assessor's basic financial statements and have issued my report thereon dated June 27, 2019.

**Internal Control Over Financial Reporting**

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan, I identified a certain deficiency in the internal control over financial reporting that I consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a

deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan to be a material weakness (Finding No. 1).

### **Compliance and Other Matters**

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

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

The St. John the Baptist Parish Assessor's response to the finding identified (Finding No. 1) in our audit is described in the accompanying Schedule of Prior and Current Year Audit Findings and Management's Corrective Action Plan. The assessor's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the assessor's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the assessor's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Keith J. Rovira  
Certified Public Accountant  
Metairie, Louisiana

June 27, 2019

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Schedule of Current and Prior Year Audit Findings and  
Management's Corrective Action Plan  
For the Year Ended December 31, 2018

I have audited the accompanying basic financial statements of the St. John the Baptist Parish Assessor, as of and for the year ended December 31, 2018, and have issued my report thereon dated June 27, 2019. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2018 resulted in an unmodified opinion.

I. Current Year Audit Findings

Internal Control over Financial Reporting:

Finding No. 1 – Inadequate Segregation of Accounting Functions:

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

Management's Corrective Action Plan:

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

Compliance:

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

Management Letter:

No management letter was issued for the year.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
LaPlace, Louisiana  
Schedule of Current and Prior Year Audit Findings and  
Management's Corrective Action Plan (Continued)  
For the Year Ended December 31, 2018

**II. Prior Year Audit Findings**

**Internal Control over Financial Reporting:**

**Finding No. 1 – Inadequate Segregation of Accounting Functions:**

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

**Management's Corrective Action Plan:**

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

**Compliance:**

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

**Management Letter:**

No management letter was issued for the prior year.

**ST. JOHN THE BAPTIST PARISH ASSESSOR**  
 LaPlace, Louisiana  
 Schedule of Compensation, Benefits and Other  
 Payments to Agency Heads  
 For the Year Ended December 31, 2018

Under Act 706 of the 2014 Regular Louisiana Legislative Session, the assessor is required to disclose the compensation, reimbursements, benefits, and other payments made to the assessor that are related to that position. The following is a schedule of payments made to the assessor for the year ended December 31, 2018:

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

<u>Purpose</u>	
Salary (as allowed by R.S. 47:1907)	\$144,976
Benefits – insurance (as allowed by R.S. 47:1923)	9,262
Benefits – retirement (as allowed by R.S. 11:1481)	27,945
Cell phone	900
Registration fees	1,700
Lodging	<u>3,000</u>
	<u>\$187,783</u>

**ST. JOHN THE BAPTIST PARISH ASSESSOR**

***Statewide Agreed-Upon Procedures Report***

As of and for the Year Ended

December 31, 2018

**KEITH J. ROVIRA**  
*Certified Public Accountant*

**KEITH J. ROVIRA**  
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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

I have performed the procedures enumerated below, which were agreed to by the management of the St. John the Baptist Parish Assessor (Assessor) and the Louisiana Legislative Auditor on the control and compliance areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures for the fiscal year ended December 31, 2018. The Assessor's management is responsible for those control and compliance areas identified in the Statewide Agreed-Upon Procedures.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - 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 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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*The Assessor did not, and does not, issue any debt; therefore, this procedure is not applicable.*

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

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. .
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

---

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

*Bank reconciliation procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

- a) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged);
- b) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

## ***Collections***

---

4. Obtain a listing of deposit sites<sup>1</sup> for the fiscal period where deposits for cash/checks/money orders (hereinafter referred to as, “cash”) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

*Collection procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

5. For each deposit site selected, obtain a listing of collection locations<sup>2</sup> and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly selected two deposit dates for the one bank account selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 2 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.

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<sup>1</sup> A deposit site is a physical location where a deposit is prepared and reconciled.

<sup>2</sup> A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

---

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

*There is only one location that processes payments, and it is at the Assessor's office in LaPlace. Management has represented to that fact.*

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*I obtained a listing of those employees involved with non-payroll purchasing and payment functions, and I obtained written policies and procedures relating to the employees' job duties. Due to the small size of the Assessor's office, nearly all of the purchasing and payment functions rest with the Chief Deputy Assessor and they are monitored by the Assessor. The Assessor feels this is the best and most efficient way to handle this function. The Assessor and the Chief Deputy Assessor are bonded.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*Same as item #9 directly above.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Same as item #9 directly above.*

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*I obtained written policies and procedures and they address the functions noted above; however, current office policy does not prohibit the person responsible for processing payments, the Chief Deputy, from adding vendors to its computerized accounting system. The Assessor approves all vendors beforehand. Due to the small size of the Assessor's office, the Chief Deputy Assessor is the person who is entrusted to handle mostly all of the office's accounting functions himself. The Assessor feels this is the best and most efficient way to handle this function. The Assessor and the Chief Deputy Assessor are bonded.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*No exceptions noted.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*I obtained the Assessor's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population was complete.*

- a) Observe that the disbursement matched the related original invoice/billing statement.

*No exceptions noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*Due to the small size of the Assessor's office, nearly all of the purchasing and payment functions rest with the Chief Deputy Assessor and they are monitored by the Assessor. The Assessor feels this is the best and most efficient way to handle this function. The Assessor and the Chief Deputy Assessor are bonded.*

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.

*Credit cards/debit cards/fuel cards/P-cards procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]
  - Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

*Travel and Travel-Related Expense Reimbursements (excluding card transactions) procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
- If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. (*Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.*) Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

*Contracts procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 2 contracts selected, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Selected the only 3 employees of the System, obtained related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

*Payroll and personnel procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

17. Randomly select one pay period during the fiscal period. For the 3 employees selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that 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.)

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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20. Using the 3 randomly selected employees from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

*Ethics procedures were not tested for the year ended December 31, 2018 (SAUP Year 2) due to the fact that there were no exceptions noted in the prior year ended December 31, 2017 (SAUP Year 1).*

- a. Observe that the documentation demonstrates each employee completed one hour of ethics training during the fiscal period.
- b. Observe that the documentation demonstrates each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

*Debt service procedures were not tested for the year ended December 31, 2018, due to the fact that the Assessor did not issue any debt this fiscal year, nor had any debt as of December 31, 2018.*

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt

covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

*Other*

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has represented that the Assessor's office did not have any misappropriations of public funds or assets.*

Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions noted.*

I was not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions and representations. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that I would have been reported to you.

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



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Metairie, Louisiana

June 27, 2019