

ST. TAMMANY PARISH ASSESSOR

Annual Financial Statements

December 31, 2018



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Independent Auditor's Report

To the Honorable Louis Fitzmorris
St. Tammany Parish Assessor

Report on Financial Statements

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Assessor as of December 31, 2018, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Assessor adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, for the year ended December 31, 2018. The adoption of GASB Statement No. 75 restated the governmental activities net position and adjusted the disclosures and required supplementary information. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8, the budgetary comparison information on page 38, the supplementary schedules required by Governmental Accounting Standards Board Statement No. 68 on pages 39 and 40, and the schedule of the Assessor's net OPEB liability and related ratios on page 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2019, on our consideration of the St. Tammany Parish Assessor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Assessor's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Assessor's internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Covington, LA
June 11, 2019

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

ST. TAMMANY PARISH ASSESSOR

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) of the St. Tammany Parish Assessor's (the Assessor) financial statements presents a narrative overview and analysis of the Assessor's financial activities for the year ended December 31, 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 reporting model adopted by the Government Accounting Standards Board (GASB) in its Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued June 1999. Certain comparative information between the current year and prior year has been presented in the MD&A.

FINANCIAL HIGHLIGHTS

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

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

Basic Financial Statements

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

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

ST. TAMMANY PARISH ASSESSOR

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE ASSESSOR

Condensed Statements of Net Position As of December 31, 2018 and 2017

	2018	2017
Current Assets	\$ 7,411,567	\$ 7,115,806
Capital Assets	87,061	79,351
Total Assets	7,498,628	7,195,157
Deferred Outflows of Resources	1,685,151	832,505
Total Deferred Outflows of Resources	1,685,151	832,505
Current Liabilities	164,385	187,359
Noncurrent Liabilities	3,563,437	4,721,772
Total Liabilities	3,727,822	4,909,131
Deferred Inflows of Resources	1,349,217	838,732
Total Deferred Inflows of Resources	1,349,217	838,732
Net Position		
Net Investment in Capital Assets	87,061	79,351
Unrestricted	4,019,679	2,200,448
Total Net Position	\$ 4,106,740	\$ 2,279,799

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

Net position of the Assessor increased by \$1,826,941 from the prior year. This increase was mostly due to a change in accounting principle affecting the treatment of the other post-employment benefit (OPEB) obligation.

At December 31, 2018, the Assessor's governmental fund reported an ending fund balance of \$7,101,109. Compared to the prior year, the fund balance increased by \$362,726, due primarily to an increase in ad valorem tax revenue.

ST. TAMMANY PARISH ASSESSOR

Management's Discussion and Analysis

Condensed Statements of Activities For the Years Ended December 31, 2018 and 2017

	2018	2017
Revenues	\$ 6,715,061	\$ 6,499,749
Expenditures	(6,124,919)	(6,109,698)
Change in Net Position	\$ 590,142	\$ 390,051

The Assessor's total revenues increased by \$215,312, or 3%, which was mostly due to an increase in ad valorem taxes and operating grants and contributions. Total expenditures increased by \$15,221, due primarily to an increase in net other postemployment benefit obligation expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2018, the Assessor had \$87,061 invested in capital assets, including office furniture and equipment and vehicles. This amount represents the total original cost of the capital assets, less accumulated depreciation on those assets. The table below lists capital assets and accumulated depreciation:

Capital Assets December 31, 2018 and 2017

	2018	2017
Office Furniture and Equipment	\$ 369,774	\$ 466,268
Vehicles	119,979	139,747
	489,753	606,015
Less: Accumulated Depreciation	(402,692)	(526,664)
Total Capital Assets, Net of Accumulated Depreciation	\$ 87,061	\$ 79,351

Debt Administration

The Assessor had no debt outstanding at year-end.

ST. TAMMANY PARISH ASSESSOR

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE ASSESSOR

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

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH ASSESSOR
Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 2,265,888
Investments - Louisiana Asset Management Pool	176,614
Receivables	
Ad Valorem Taxes, Net	4,764,969
State Revenue Sharing	71,802
Other	55,246
Prepaid Expenses	77,048
	<hr/>
Total Current Assets	7,411,567
Noncurrent Assets	
Capital Assets, Net of Accumulated Depreciation	87,061
	<hr/>
Total Assets	7,498,628
Deferred Outflows of Resources	
Deferred Outflows on Pension Obligation	1,685,151
	<hr/>
Total Deferred Outflows of Resources	1,685,151
Liabilities	
Current Liabilities	
Accounts Payable	59,127
Accrued Payroll	105,258
	<hr/>
Total Current Liabilities	164,385
Long-Term Liabilities	
Net Other Postemployment Benefit (OPEB) Liability	2,186,543
Net Pension Liability	1,166,116
Accrued Annual Leave Payable	210,778
	<hr/>
Total Long-Term Liabilities	3,563,437
	<hr/>
Total Liabilities	3,727,822
Deferred Inflows of Resources	
Deferred Inflows on Pension Obligation	1,189,801
Deferred Inflows on Other Postemployment Benefits	159,416
	<hr/>
Total Deferred Inflows of Resources	1,349,217
Net Position	
Net Investment in Capital Assets	87,061
Unrestricted	4,019,679
	<hr/>
Total Net Position	\$ 4,106,740
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The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH ASSESSOR
Statement of Activities
For the Year Ended December 31, 2018

	Governmental Activities
Program Expenses	
General Government	
Salaries and Related Expenses	\$ 4,896,017
Professional Services	765,236
Operating Services	347,980
Education	32,085
Depreciation Expense	34,903
Net Other Postemployment Benefit Obligation (OPEB)	48,698
	<hr/>
Total Program Expenses	6,124,919
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Program Revenues	
Operating Grants and Contributions	810,178
	<hr/>
Net Program Expense	5,314,741
	<hr/>
General Revenues	
Ad Valorem Taxes, Net	5,275,541
Contributions from St. Tammany Parish, Louisiana	363,400
State Revenue Sharing	107,650
Other	81,984
Interest Earnings	76,308
	<hr/>
Total General Revenues	5,904,883
	<hr/>
Change in Net Position	590,142
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Net Position, Beginning of Year	2,279,799
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Change in Accounting Principle	1,236,799
	<hr/>
Net Position, Beginning of Year, Restated	3,516,598
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Net Position, End of Year	\$ 4,106,740
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The accompanying notes are an integral part of these financial statements.

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

ST. TAMMANY PARISH ASSESSOR
Balance Sheet
Governmental Fund
December 31, 2018

	General Fund
Assets	
Cash and Cash Equivalents	\$ 2,265,888
Investments - Louisiana Asset Management Pool	176,614
Receivables	
Ad Valorem Taxes, Net	4,764,969
State Revenue Sharing	71,802
Other	55,246
Prepaid Expenses	<u>77,048</u>
Total Assets	<u>\$ 7,411,567</u>
Liabilities	
Accounts Payable	\$ 59,127
Accrued Payroll	<u>105,258</u>
Total Liabilities	<u>164,385</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>146,073</u>
Total Deferred Inflows of Resources	<u>146,073</u>
Fund Balance	
Nonspendable Amounts	
Not in Spendable Form	77,048
Unassigned	<u>7,024,061</u>
Total Fund Balance	<u>7,101,109</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 7,411,567</u>

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

ST. TAMMANY PARISH ASSESSOR
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Fund	\$ 7,101,109
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. This amount represents capital assets, net of accumulated depreciation.</p>	87,061
<p>Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.</p>	146,073
<p>The Assessor follows the requirements of GASB Statement No. 68, which provides for the recognition of pension obligations. This includes the recognition of related deferred outflows of resources and deferred inflows of resources.</p>	335,934
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:</p>	
<p>Net Other Postemployment Benefit Obligation (OPEB)</p>	(2,186,543)
<p>Net Pension Liability</p>	(1,166,116)
<p>Accrued Annual Leave Payable</p>	(210,778)
	(3,563,437)
Total Net Position of Governmental Activities	\$ 4,106,740

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

ST. TAMMANY PARISH ASSESSOR
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2018

	General Fund
Revenues	
Ad Valorem Taxes, Net	\$ 5,319,532
Contributions from St. Tammany Parish, Louisiana	363,400
State Revenue Sharing	107,650
Other	83,784
Interest Earnings	<u>76,308</u>
Total Revenues	<u>5,950,674</u>
Expenditures	
Salaries and Related Expenditures	4,398,234
Professional Services	765,236
Operating Services	392,393
Education	<u>32,085</u>
Total Expenditures	<u>5,587,948</u>
Net Change in Fund Balance	362,726
Fund Balance, Beginning of Year	<u>6,738,383</u>
Fund Balance, End of Year	<u>\$ 7,101,109</u>

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

ST. TAMMANY PARISH ASSESSOR
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of the Governmental Fund to the
Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balance - Total Governmental Fund	\$ 362,726
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	9,510
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Losses on the disposal of capital assets reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(1,800)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Change in Unavailable Ad Valorem Taxes	(43,991)
Contributions Made to the Retirement Plan by Other Governments	810,178

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

Accrued Annual Leave Payable	(42,196)
Change in the Net Pension Liability and Related Deferred Amounts	(455,587)
Change in the Other Postemployment Benefit (OPEB) Liability	(48,698)

Change in Net Position of Governmental Activities	<u>\$ 590,142</u>
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The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

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

The St. Tammany Parish Assessor (the Assessor) has an office in Covington and an office in Slidell within St. Tammany Parish, Louisiana (the Parish). In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing for the tax year and submits the list to the Parish governing authority and the Louisiana Tax Commission, as prescribed by state law. Once the assessment listing is approved, the Assessor submits the assessment roll to the Parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies located in the Parish.

Reporting Entity

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

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

Basis of Presentation

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

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

Government-Wide and Fund Financial Statements

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

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

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

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

Measurement Focus/Basis of Accounting

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

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

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

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

Budgets

The original budget for the year ended December 31, 2018 was made available for public inspection at the Assessor's office and advertised on October 25, 2017. The original budget was subsequently adopted on November 9, 2017, after a public hearing on that day.

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Investments

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

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

See Note 3 for more information on the Assessor's investments.

Receivables

Receivables are made up of revenues from ad valorem taxes, state revenue sharing, and city tax bills. The allowance for uncollectible amounts was \$107,175, which represents 2% of the total ad valorem tax receivable at December 31, 2018. This estimate is based on the Assessor's history of collections within this revenue stream.

Prepaid Expenses

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

Capital Assets

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

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

Depreciation expense amounted to \$34,903, for the year ended December 31, 2018.

Annual Leave

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

At December 31, 2018, the Assessor had accrued annual leave payable of \$210,778, which has been reported on the statement of net position

Equity Classifications

Government-wide net position is divided into three components:

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

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

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

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

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

Use of Estimates

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

Deferred Outflows/Inflows of Resources

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

Pensions

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Adoption of New Accounting Principles

The GASB issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, in June 2015. The objective of GASB 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Under the new standard, governments will recognize a liability that is actuarially determined using prescribed methods and based on plan assumptions. This liability should be reported net of the assets that are accumulated into an irrevocable trust meeting certain criteria; however, the Assessor does not currently have a trust to offset this liability. During the year ended December 31, 2018, the Assessor implemented the Statement and recorded a cumulative effect of the change in accounting principle in the amount of \$1,236,799.

New Accounting Pronouncements

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

Note 2. Cash and Cash Equivalents

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

Demand Deposits	<u>\$ 2,265,888</u>
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These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2018, \$2,117,745 of the Assessor's bank balance of \$2,371,978 was exposed to custodial credit risk. However, these deposits were secured from risk by the pledge of securities owned by the fiscal agent bank.

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 3. Investments

At December 31, 2018, the Assessor had investments of \$176,614 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book-entry form.

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

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

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

- *Credit risk:* LAMP is rated AAAM by Standard & Poor's.
- *Custodial credit risk:* LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- *Concentration of credit risk:* Pooled investments are excluded from the 5 percent disclosure requirement.
- *Interest rate risk:* LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days, or two years (762 days) for U. S. Government floating/variable rate investments. The WAM for LAMP's total investments was 43, as of December 31, 2018.
- *Foreign currency risk:* Not applicable.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 3. Investments (Continued)

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

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

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

Note 4. Levied Taxes

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

	Maximum Millage	Levied Millage
Operations	2.73	2.59

The following are the principal taxpayers for the Parish:

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation
Cleco	Utility	\$ 48,867,250	1.89%
Florida Marine Transporters	Transportation	14,339,810	0.55%
Associated Wholesale Grocers	Grocery Distributor	12,333,780	0.48%
Chevron USA	Oil	11,427,970	0.44%
Atmos Energy Corporation	Utility	<u>11,397,740</u>	0.44%
Total		<u>\$ 98,366,550</u>	3.80%

The total assessed valuation for all taxpayers at December 31, 2018, was \$2,586,280,126. This figure was used in calculating the percentage of the "assessed valuation of each of the five largest taxpayers" listed above to the "total assessed valuation for all taxpayers."

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the year ended December 31, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Vehicles	\$ 139,747	\$ -	\$ (19,768)	\$ 119,979
Office Furniture and Equipment	466,268	44,413	(140,907)	369,774
Total Capital Assets Being Depreciated	606,015	44,413	(160,675)	489,753
Less Accumulated Depreciation for:				
Vehicles	(139,747)	-	19,768	(119,979)
Office Furniture and Equipment	(386,917)	(34,903)	139,107	(282,713)
Total Accumulated Depreciation	(526,664)	(34,903)	158,875	(402,692)
Capital Assets, Net	\$ 79,351	\$ 9,510	\$ (1,800)	\$ 87,061

Note 6. Pension Plan

Plan Description

Substantially all employees of the St. Tammany Parish Assessor's office are members of the Louisiana Assessors' Retirement System (the System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All full-time employees who are under the age of sixty at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service. Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service, not to exceed 100% of final compensation. Employees who became members on or after October 1, 2006 will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. The System also provides death and disability benefits. Benefits are established by state statute.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Plan Description (Continued)

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

Funding Policy

For the entire year, plan members (employees) were required by state law to contribute 8.0% of their annual covered salary into the System. For the period January 1, 2018 to December 31, 2018, the Assessor (employer) was required to contribute 8.0% of an employee's annual covered payroll into the System. Contributions to the System also include one-fourth of one percent (one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing appropriated by the legislature. The contribution requirements of plan members and the Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assessor's portion of contributions to the System for the years ended December 31, 2018, 2017, 2016, and 2015, was \$212,205, \$245,507, \$309,883, and \$319,304, respectively. These amounts equaled the required contributions for those years.

In addition, the Assessor paid the entire portion of employees' annual contributions to the System for the years ended December 31, 2018, 2017, 2016, and 2015, and the amounts were \$212,205, \$205,992, \$195,510, and \$189,217, respectively. These amounts equaled the required contribution amounts for those years.

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

At December 31, 2018, the Assessor reported a liability of \$1,166,116 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and was determined by actuarial valuation as of that date. The Assessor's proportion of the net pension liability was based on a projection of the Assessor's long-term share of contributions to the pension plan relative to the projected contributions of all members, actuarially determined. At September 30, 2018, the Assessor's proportion was 5.998426%.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 6. Pension Plan (Continued)

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

For the year ended December 31, 2018, the Assessor recognized pension expense of \$456,894. At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resources related to its pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 87,989	\$ 533,890
Changes in Assumptions	1,496,380	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	593,713
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions		
Changes in Proportion	50,864	62,198
Differences in Contributions	1,306	-
Assessor Contributions Subsequent to the Measurement Date	48,612	-
	<u>\$ 1,685,151</u>	<u>\$ 1,189,801</u>

In the year ending December 31, 2019, \$48,612 reported as deferred outflows of resources related to pensions resulting from the Assessor's contributions subsequent to the measurement date will be recognized.

Other amounts reported as deferred inflows of resources and deferred outflows of resources will be recognized in pension expense, as follows:

Years Ending December 31,	Amount
2019	\$ 222,813
2020	(82,979)
2021	(7,100)
2022	165,902
2023	148,102
Total	<u><u>\$ 446,738</u></u>

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Actuarial Assumptions

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

Valuation Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.25% (Net of Investment Expense, Including Inflation)
Inflation Rate	2.20%
Expected Remaining Service Lives	6 Years
Salary Increases	5.75%
Annuitant and Beneficiary Mortality	RP 2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and females.
Active Members Mortality	RP-2000 Employee Table set back four years for males and three years for females.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Table set back five years for males and three years for females.

The current year actuarial assumptions utilized in this note are based on the assumptions used in the September 30, 2018 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial expense study for the period July 1, 2009 - June 30, 2014, unless otherwise specified in this note. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. All assumptions selected were determined to be reasonable and represent expectations of future experience for the System.

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

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

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

The long-term expected rate of return selected by the System was 6.25%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 6.25%.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) the difference between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2018 is 6 years.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 6. Pension Plan (Continued)

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Assessor using the discount rate of 6.25% as well as what the 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:

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
Assessor's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,922,145	\$ 1,166,116	\$ (1,195,010)

Note 7. Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

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

Funding Policy - The Assessor contributes 100% of the costs of the current year's health, dental, and life insurance premiums for eligible retired employees only, but does not pay for spouse or dependent coverage. The Assessor finances its plan on a pay-as-you-go basis; therefore, no funds are reserved for payment of future health insurance premiums. For the year ended December 31, 2018, the Assessor contributed \$125,335 to the plan on behalf of the retirees.

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

Actives	38
Retirees	<u>18</u>
Total	<u><u>56</u></u>

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Total OPEB Liability

The Assessor's total OPEB liability of \$2,186,543 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:

Discount Rate	4.1% per annum, compounded annually
Actuarial Cost Method	Entry Age Normal
Inflation	2.30%
Withdrawal Rate	12.0% decreasing to an ultimate rate of 1.0%
Retirement Rate	22.0% increasing to an ultimate rate of 28.0%
Disability Rate	.006% increasing to an ultimate rate of .195%
Compensation Increase	3.00% per annum, compounded annually
Salary Increases Including Inflation	3.00%
Mortality Rates	Sex-distinct RP-2014 Total Dataset Mortality with separate employee, disabled annuitant rate, projected generationally using scale MP-2018
Medical Trend Rate	6.40% decreasing to an ultimate rate of 3.91%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of ongoing evaluations of the assumptions.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 7. Other Postemployment Benefits (OPEB) (Continued)

Changes in the Total OPEB Liability

	Net OPEB Liability
Balance at January 1, 2018	\$ 2,297,261
Changes for the Year	
Service Cost	123,335
Interest on Total OPEB Liability	81,090
Effect of Assumptions Changes or Inputs	(187,384)
Benefit Payments	<u>(127,759)</u>
 Net Changes for the Year	 <u>(110,718)</u>
 Balance as of December 31, 2018	 <u>\$ 2,186,543</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 one percentage point lower (3.10%) or one percentage point higher (5.10%) than the current discount rate:

	1.0% Decrease	Discount Rate 4.10%	1.0% Increase
Total OPEB Liability	\$ 2,486,015	\$ 2,186,543	\$ 1,939,840

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 one percentage point lower (5.4%) or one percentage point higher (7.4%) than the current healthcare trend rates:

	1.0% Decrease	Current Trend 6.4%	1.0% Increase
Total OPEB Liability	\$ 1,933,110	\$ 2,186,543	\$ 2,501,780

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 7. Other Postemployment 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 \$176,457. At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	159,416	-
Total	\$ 159,416	\$ -

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,	Amount
2019	\$ 27,968
2020	27,968
2021	27,968
2022	27,968
2023	27,968
Thereafter	19,576
Total	\$ 159,416

Note 8. Leases

Operating Leases

Operating leases are all leases that do not meet the criteria of capital leases. During the year, the Assessor's office had operating leases on four copy machines. Required monthly lease payments made during the year totaled \$6,345.

ST. TAMMANY PARISH ASSESSOR

Notes to Financial Statements

Note 8. Leases (Continued)

Future annual lease commitments under these leases are as follows:

Years Ending December 31,	Amount
2019	\$ 8,136
2020	8,136
2021	6,220
2022	2,388
2023	1,791
Total	<u>\$ 26,671</u>

There were no other operating or capital leases.

Note 9. Deferred Compensation Plan

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

Employees/participants may contribute a portion of their salary with the Assessor's office matching up to a certain amount for each employee. Total contributions may not exceed the amount determined under IRS regulations. All contributions are immediately vested. During the year, employees/participants contributed \$301,473, and the Assessor's office made employer contributions to the plan on behalf of employees/participants totaling \$296,973.

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

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

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

ST. TAMMANY ASSESSOR
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual - General Fund
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes, Net	\$ 5,100,000	\$ 5,100,000	\$ 5,319,532	\$ 219,532
Contributions from St. Tammany Parish, Louisiana	400,000	400,000	363,400	(36,600)
State Revenue Sharing	100,000	100,000	107,650	7,650
Other	40,000	40,000	83,784	43,784
Interest Earnings	60,000	60,000	76,308	16,308
Total Revenues	5,700,000	5,700,000	5,950,674	250,674
Expenditures				
Salaries and Related Expenditures	4,450,000	4,450,000	4,398,234	51,766
Professional Services	350,000	350,000	765,236	(415,236)
Operating Services	850,000	850,000	392,393	457,607
Education	50,000	50,000	32,085	17,915
Total Expenditures	5,700,000	5,700,000	5,587,948	112,052
Net Change in Fund Balance	\$ -	\$ -	362,726	\$ 362,726
Fund Balance, Beginning of Year			6,738,383	
Fund Balance, End of Year			\$ 7,101,109	

See independent auditor's report.

ST. TAMMANY ASSESSOR
Schedule of Employer's Proportionate Share of the
Net Pension Liability
For the Year Ended December 31, 2018

	2018	2017	2016	2015
Employer's Portion of the Net Pension Liability	5.998426%	5.807959%	5.746442%	5.649871%
Employer's Proportionate Share of the Net Pension Liability	\$ 1,166,116	\$ 1,019,130	\$ 2,027,743	\$ 2,956,706
Employer's Covered Payroll	\$ 2,644,015	\$ 2,549,728	\$ 2,501,902	\$ 2,374,031
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	44.10%	39.97%	81.05%	124.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.46%	95.61%	90.68%	85.57%

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

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

See independent auditor's report.

ST. TAMMANY ASSESSOR
Schedule of Employer's Contributions to
Defined Benefit Pension Plan
For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 212,205	\$ 245,507	\$ 309,883	\$ 319,304
Contributions in Relation to the Contractually Required Contribution	<u>(212,205)</u>	<u>(245,507)</u>	<u>(309,883)</u>	<u>(319,304)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 2,652,567	\$ 2,574,793	\$ 2,443,950	\$ 2,365,215
Contributions as a Percentage of Covered Payroll	8.00%	9.54%	12.68%	13.50%

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

See independent auditor's report.

ST. TAMMANY ASSESSOR
Schedule of Changes in the Assessor's
Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2018

<hr/>	
Total OPEB Liability	
Service Cost	\$ 123,335
Interest	81,090
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions	(187,384)
Benefit Payments	<u>(127,759)</u>
Net Change in Total OPEB Liability	(110,718)
Total OPEB Liability - Beginning	<u>2,297,261</u>
Total OPEB Liability - Ending	<u><u>\$ 2,186,543</u></u>
Covered-Employee Payroll	\$ 2,836,508
Net OPEB Liability as a Percentage of Covered-Employee Payroll	77.09%

Notes to 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 December 31, 2017 was 3.44% and it changed to 4.10% as of December 31, 2018.

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

ST. TAMMANY ASSESSOR
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2018

Agency Head
Louis Fitzmorris, St. Tammany Parish Assessor

Purpose	Amount
Salary	\$158,746
Benefits - Retirement	\$36,899
Benefits - Insurance	\$18,644
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$1,696
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

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

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

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

See independent auditor's report.

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

To the Honorable Louis Fitzmorris
St. Tammany Parish Assessor

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the St. Tammany Parish Assessor (the Assessor), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements, and have issued our report thereon dated June 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

A Professional Accounting Corporation

Covington, LA
June 11, 2019

ST. TAMMANY ASSESSOR
Schedule of Findings and Responses
For the Year Ended December 31, 2018

Part I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Not applicable.

Part II - Findings Related to the Financial Statements

None.

Part III - Federal Award Findings

Not applicable.

AGREED-UPON PROCEDURES REPORT

St. Tammany Parish Assessor

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of January 1, 2018 - December 31, 2018

To the Honorable Louis Fitzmorris
St. Tammany Parish Assessor
and the Louisiana Legislative Auditor:

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

Management of the St. Tammany Parish Assessor (the Assessor) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the Assessor and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Assessor's compliance with certain laws and regulations during the period of January 1, 2018 through December 31, 2018, in accordance with Act 774 of 2014 Regular Legislative Session. The sufficiency of these procedures is solely the responsibility of the Assessor and the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

Our procedures and associated results are as follows:

Use Value Special Assessment

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

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

No exceptions were noted in our testing.

Special Assessments over Not-for-Profit

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

- a) Randomly select 5 property files from the listing and report whether each property file includes verification of the property owner's tax exempt status.

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

No exceptions were noted in our testing.

Written Policies and Procedures for Governmental Entity

3. 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 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.
- k) **Bank Reconciliations**, including (1) monthly bank statement reconciliations, (2) review of all bank reconciliations by someone independent of cash receipt and disbursement functions, and (3) process for addressing items outstanding for more than 12 months from the statement closing date, if applicable.
- l) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: LaPorte obtained and inspected the entity's written policies and procedures. No exceptions were noted in our testing.

Deferred Compensation Plan Employer Match

4. Obtain a listing of employees participating in the entity's deferred compensation plan, with their related salaries, and obtain management's representation that the listing is complete. Randomly select one payroll period during the fiscal period and:
 - a) Obtain the employee deferred compensation enrollment form from each participant's file or the entity's overall deferred compensation file, as applicable.
 - b) Obtain payment support for each participant in the deferred compensation plan for the selected period and perform a recalculation of the participant's deferred compensation contributions. Trace the amount deducted from the participant's pay to the amount shown on the participant's deferred compensation enrollment form.
 - c) Obtain the payment support for the employer's deferred compensation payment from the entity for the selected period and recalculate the employer's deferred compensation contributions.
 - d) Observe that the employer's deferred compensation payment(s) match the required employer contributions, per the policy/agreement.

Results: LaPorte obtained a listing of employees participating in the entity's deferred compensation plan, with their related salaries, and obtained management's representation that the listing is complete. We randomly selected one payroll period for testing and no exceptions were noted in our testing.

Ethics

5. Obtain and inspect the entity's written policies and procedures over ethics and observe that they address each of the following:
 - a) The prohibitions as defined in Louisiana Revised Statute 42:1111-1121;
 - b) Actions to be taken if an ethics violation takes place;
 - c) System to monitor possible ethics violations; and
 - d) Requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: LaPorte obtained and inspected the entity's written policies and procedures over ethics. No exceptions were noted in our testing.

6. Obtain a listing of employees (and elected officials) and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period; and
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We obtained a listing of employees (and elected officials) and obtained management's representation that the listing is complete. We randomly selected 5 employees for testing. No exceptions were noted in our testing.

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

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

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

A Professional Accounting Corporation

Covington, LA
June 11, 2019