

Financial Report

St. Bernard Parish Assessor

December 31, 2016

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Chalmette, Louisiana

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Jaylynn Bergeron,
St. Bernard Parish Assessor,
Chalmette, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of the St. Bernard Parish Assessor (the "Assessor"), as of and for the year ended December 31, 2016, 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 an opinion 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 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 misstatements 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 controls. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of St. Bernard Parish Assessor as of December 31, 2016, and the respective changes in net position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 and the required supplementary information on pages 39 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operations, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 44 is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 12, 2017, on our consideration of the St. Bernard Parish Assessor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the St. Bernard Parish Assessor's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
June 12, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Bernard Parish Assessor
Chalmette, Louisiana

December 31, 2016

The Management's Discussion and Analysis of the St. Bernard Parish Assessor's (the "Assessor") financial performance presents a narrative overview and analysis of the Assessor's financial activities as of and for the year ended December 31, 2016. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Assessor's assets exceeded its liabilities as of December 31, 2016 by \$168,414 (net position), which represents a 18.74% decrease from December 31, 2015.

The Assessor's revenues increased \$8,482 (1.37%). This was due to the Assessor recognizing revenue of approximately \$6,000 more for other revenue, an increase in cost reimbursements from the St. Bernard Parish Government of approximately \$5,000, as well as a decrease of ad valorem tax revenue of approximately \$2,600 during 2016.

The Assessor's expenses increased \$44,392 (7.15%). The variance includes a increase in personnel services of approximately \$22,800, an increase in bad debt expense of approximately \$26,000 and a decrease of material and supply expenses of approximately \$5,000.

The Assessor did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Assessor's basic financial statements. The Assessor's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Assessor:

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Assessor's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the Assessor's assets and liabilities, with the difference between the two reported as the net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Assessor is improving or deteriorating. The Statement of Activities presents information showing how the Assessor's net position changes during each fiscal year.

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Assessor is to assess all real and movable property that is subject to ad valorem taxes in St. Bernard Parish.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Assessor are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Assessor maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Assessor adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 10 and 12 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indicator of the Assessor's financial position. As of December 31, 2016, assets exceeded liabilities by \$168,414. A portion of the Assessor's net assets (34.23%) reflects its investment in capital assets (e.g., office furniture, fixtures, and equipment). Consequently, these assets are not available for future spending.

Condensed Statement of Net Position

	<u>December 31,</u>		<u>Dollar</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Current and other assets	\$ 832,486	\$ 887,244	\$ (54,758)
Capital assets	<u>57,642</u>	<u>74,489</u>	<u>(16,847)</u>
Total assets	<u>890,128</u>	<u>961,733</u>	<u>(71,605)</u>
Deferred outflows of resources	<u>150,375</u>	<u>181,770</u>	<u>(31,395)</u>
Current liabilities	5,744	5,557	187
Non-current liabilities	<u>847,432</u>	<u>909,778</u>	<u>(62,346)</u>
Total liabilities	<u>853,176</u>	<u>915,335</u>	<u>(62,159)</u>
Deferred inflows of resources	<u>18,913</u>	<u>20,905</u>	<u>(1,992)</u>
Net Position:			
Invested in capital assets	57,642	74,489	(16,847)
Unrestricted	<u>110,772</u>	<u>132,774</u>	<u>(22,002)</u>
Total net position	<u>\$ 168,414</u>	<u>\$ 207,263</u>	<u>\$ (38,849)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities decreased the Assessor's net position by \$38,849. Key elements of this decrease are as follows:

Condensed Changes in Net Position

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2016</u>	<u>2015</u>	<u>Change</u>	<u>Percentage</u>
Revenues:				
Ad valorem taxes	\$ 581,472	\$ 584,119	\$ (2,647)	(0.45)
Intergovernmental	34,347	29,392	4,955	16.86
Interest income	1,601	1,384	217	15.68
Other revenue	<u>9,000</u>	<u>3,043</u>	<u>5,957</u>	195.76
Total revenues	<u>626,420</u>	<u>617,938</u>	<u>8,482</u>	1.37
Expenses:				
General and governmental	<u>665,269</u>	<u>620,877</u>	<u>44,392</u>	7.15
Decrease in net position	(38,849)	(2,939)	(35,910)	(1,221.84)
Net position beginning of year	<u>207,263</u>	<u>210,202</u>	<u>(2,939)</u>	(1.40)
Net position end of year	<u>\$ 168,414</u>	<u>\$ 207,263</u>	<u>\$ (38,849)</u>	(18.74)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Assessor uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Assessor's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Assessor's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending as of December 31, 2016. As of December 31, 2016, the Assessor's governmental fund, the General Fund, reported an ending fund balance of \$826,742, a decrease of \$54,945 in comparison with the prior year. An unassigned fund balance of \$814,970 is available for spending at the Assessor's discretion. The remainder of fund balance is nonspendable to indicate that it is not available for new spending because it has already been committed for insurance.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS (Continued)

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Increasing other revenue by approximately \$6,000.
- Decreasing reimbursement due from St. Bernard Parish Government by \$42,600 to account for cost reimbursement funding due to the Assessor's office.

Expenditures

- Increasing deputy salaries by approximately \$59,500 to reflect actual balances related to new hires.
- Increasing retirement expense by approximately \$10,000 and hospitalization expense by approximately \$11,000 to reflect actual balances related to new hires.
- Decreasing attorney fees by approximately \$50,000 to reflect actual balances.
- Decreasing actuary fees by approximately \$8,500 to reflect actual balances.
- Decreasing telephone fees by approximately \$5,900 to reflect actual balances.
- Decreasing computer software and maintenance fees by approximately \$19,000 to reflect actual balances.

During the year, revenues were lower than budgetary estimates by approximately \$5,000 and expenditures were lower than budgetary estimates by approximately \$23,500.

CAPITAL ASSETS

Capital Assets

The Assessor's investment in capital assets for its governmental activities as of December 31, 2016, totaled \$57,642 (net of accumulated depreciation). This investment in capital assets includes office furniture, fixtures, and equipment.

	<u>2016</u>	<u>2015</u>
Office furniture, fixtures, and equipment	<u>\$ 142,653</u>	<u>\$ 167,365</u>

Additional information on the Assessor's capital assets can be found in Note 7 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Assessor typically considers the following factors and indicators when setting the next year's budget, rates, and fees. These factors and indicators are as follows:

- Revenues are budgeted based on the assumption that ad valorem taxes will slightly increase.
- Expenses were budgeted based on the assumption that certain expenses would increase in 2017 related to employment benefits and professional fees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Assessor's finances for all those with an interest in the Assessor's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jaylynn Bergeron Turner, Assessor, Parish of St. Bernard, 2118 Jackson Blvd., Suite A, Chalmette, Louisiana 70043.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

St. Bernard Parish Assessor
Chalmette, Louisiana

December 31, 2016

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 292,581		\$ 292,581
Due from St. Bernard Parish Government	26,830		26,830
Due from St. Bernard Parish Sheriff	501,303		501,303
Prepaid expenses	11,772		11,772
Capital assets, net of accumulated depreciation		\$ 57,642	57,642
Total assets	<u>832,486</u>	<u>57,642</u>	<u>890,128</u>
Deferred Outflows of Resources		<u>150,375</u>	<u>150,375</u>
Total assets and deferred outflows of resources	<u>\$ 832,486</u>	<u>208,017</u>	<u>1,040,503</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 5,744		5,744
Net pension liability		274,759	274,759
Unfunded other post-employment benefit obligations		572,673	572,673
Total liabilities	<u>5,744</u>	<u>847,432</u>	<u>853,176</u>
Deferred Inflows of Resources		<u>18,913</u>	<u>18,913</u>
Total liabilities and deferred inflows of resources	<u>5,744</u>	<u>866,345</u>	<u>872,089</u>
Fund Balance/Net Position			
Fund balance:			
Nonspendable	11,772	(11,772)	-
Unassigned	814,970	(814,970)	-
Total fund balance	<u>826,742</u>	<u>(826,742)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 832,486</u>	<u>39,603</u>	<u>872,089</u>
Net position:			
Net invested in capital assets		57,642	57,642
Unrestricted		110,772	110,772
Total net position		<u>\$ 168,414</u>	<u>\$ 168,414</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

St. Bernard Parish Assessor
Chalmette, Louisiana

December 31, 2016

Fund Balance - Governmental Fund		\$ 826,742
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund:		
Governmental capital assets	\$ 142,653	
Less accumulated depreciation	<u>(85,011)</u>	57,642
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds		150,375
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the General Fund:		
Net pension liability	(274,759)	
Other post-employment benefit obligations	<u>(572,673)</u>	(847,432)
Deferred inflow of resources are not due and payable in the current period and, therefore, are not reported in governmental funds		<u>(18,913)</u>
Net Position of Governmental Activities		<u>\$ 168,414</u>

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Ad valorem	\$ 581,472		\$ 581,472
Intergovernmental -			
State of Louisiana -			
State revenue sharing	4,021		4,021
St. Bernard Parish Government - cost reimbursement	30,326		30,326
Interest income	1,601		1,601
Other revenue	<u>9,000</u>		<u>9,000</u>
Total revenues	<u>626,420</u>		<u>626,420</u>
Expenditures			
Current:			
General government:			
Personal services	498,214	\$ (32,943)	465,271
Other services and charges	162,910		162,910
Materials and supplies	18,098		18,098
Depreciation	<u> </u>	<u>18,990</u>	<u>18,990</u>
Total general government	679,222	(13,953)	665,269
Capital outlay	<u>2,143</u>	<u>(2,143)</u>	<u> </u>
Total expenditures	<u>681,365</u>	<u>(16,096)</u>	<u>665,269</u>
Excess of Expenditures Over Revenues	(54,945)	54,945	
Change in Net Position	<u> </u>	<u>(38,849)</u>	<u>(38,849)</u>
	(54,945)	16,096	(38,849)
Fund Balance/Net Position			
Beginning of year	<u>881,687</u>	<u>(674,424)</u>	<u>207,263</u>
End of year	<u>\$ 826,742</u>	<u>\$ (658,328)</u>	<u>\$ 168,414</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

Net Change in Fund Balance - Governmental Fund **\$ (54,945)**

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, and the net book value of any disposed assets is recorded as a loss on the disposal of assets:

Capital outlay	\$ 2,143	
Depreciation expense	<u>(18,990)</u>	(16,847)

Net pension expense is reported in governmental funds as expenditures as they are paid, however, in the Statement of Activities the net pension expense is reported according to estimates required by GASB 68:

Pension expenses paid	45,765	
GASB 68 adjustment	<u>43,726</u>	

Pension expenses per GASB 68		89,491
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Some expenses reported in the Statement of Activities do not require the use of current fiscal resources and, therefore, are not reported as expenditures in the General Fund:

Net change in other post-employment benefit obligations		<u>(56,548)</u>
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Change in Net Position of Governmental Activities **\$ (38,849)**

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Bernard Parish Assessor**

Chalmette, Louisiana

December 31, 2016

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Assessors are elected by the voters of each parish, (except Orleans Parish), and serve terms of four years. The Assessors assesses property, prepare tax rolls, and submit the rolls to the Louisiana Tax Commission as prescribed by law.

The St. Bernard Parish Assessor is a separately elected official and is not included as a component unit in any other financial statements.

The accounting policies of the St. Bernard Parish Assessor (the "Assessor") conform to accounting principles generally accepted in the United States of America (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 following is a summary of significant accounting policies:

a. Reporting Entity

The Assessor has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The Assessor is an independently elected official and is not considered fiscally dependent on the St. Bernard Parish Council (the "Parish Council"). As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for the St. Bernard Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

The GASB established criteria for determining which component units should be considered part of the St. Bernard Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation

The Assessor's basic financial statements consist of the government-wide statements on all activities of the Assessor and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Assessor. The government-wide presentation focuses primarily on the sustainability of the Assessor as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the Assessor continue to be organized on the basis of a fund and accounts group, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Assessor:

General Fund

The General Fund, as provided by Louisiana Revised Statute 47:1906 is the operating fund and is the only fund of the Assessor. It is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

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.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Assessor considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Assessor because they are generally not measurable until actually received.

Ad valorem taxes are assessed for the calendar year and become due on December 31st of each year. Ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. Ad valorem taxes are recognized as revenue in the year for which levied; thus, the property taxes which are being levied to finance the current year budget are recognized as revenue in the current year. State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. The Assessor received \$4,021 from state revenue sharing for the year ended December 31, 2016.

Interest income on cash balances is recorded when the income is available.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Fund Financial Statements: (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. 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.

e. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Assessor adopted a budget for its General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings of the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Assessor. The Assessor amended its budget once during 2016. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f. Receivables

The financial statements of the Assessor contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the fund.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Prepaid Expenses

Payments made to vendors for the general insurance that will benefit periods beyond December 31, 2016 are recorded as prepaid expenses. These amounts are equally offset by a fund balance classification of nonspendable which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

h. Capital Assets and Depreciation

The accounting treatment over plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Office furniture, fixtures, and equipment	3 - 10 years
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Fund Financial Statements:

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

j. 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 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.

All information presented in Note 9 is based on the Fund year ended September 30, 2016.

k. Vacation and Sick Leave

Employees of the Assessor's office earn two to three weeks of vacation leave each year, depending on their years of service. Vacation leave cannot be carried forward to succeeding years. There is no formal policy regarding sick leave.

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken. As of December 31, 2016, there are no accumulated and vested benefits relating to compensated absences.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Assessor's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2016 and for the year then ended, the Assessor did not have or receive restricted net assets.

Fund Financial Statements:

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further 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 only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments. There was no restricted equity as of December 31, 2016.

Committed - amounts that can be used only for specific purposes determined by a formal decision of the Assessor. There was no committed equity as of December 31, 2016.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Fund Equity (Continued)

Fund Financial Statements: (Continued)

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was no assigned equity as of December 31, 2016.

Unassigned - all other amounts not included in other spendable classifications.

For classification of Governmental Fund balances, the Assessor considers an expenditure to be made from the most restrictive first when more than one classification is available. The Assessor's fund balance as of December 31, 2016 totaled \$826,742 of which \$814,970 was classified as unassigned and \$11,772 was classified as nonspendable as this balance related to prepaid expenses.

m. New Pronouncements

During the year ended December 31, 2016, the Assessor implemented the following GASB statements:

Statement No. 72, *"Fair Value Measurement and Application"*. This statement addresses accounting and financial reporting issues related to fair value measurement. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Statement No. 73, *"Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68."* The statement completes the group of pension standards and establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68).

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. New Pronouncements (Continued)

Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*. The objective of this statement is to identify the hierarchy of GAAP.

Statement No. 77, *"Tax Abatement Disclosures"* defines tax abatements as reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. This statement requires disclosures of the government's own tax abatement agreements and those tax abatement agreements of other governments that reduce the government's revenue. (See Note 11.)

n. Subsequent Events

The Assessor evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 12, 2017, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes Federal Deposit Insurance Corporation (FDIC) insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank, or with a trust company for the account of the political subdivision.

Note 2 - DEPOSITS (Continued)

The year-end bank balance is as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 292,654</u>	<u>\$ 292,581</u>

Custodial credit risk is the risk that in the event of a bank failure, the Assessor's deposits may not be returned to it. The Assessor has a written policy for custodial credit risk. As of December 31, 2016, \$42,654 of the Assessor's bank balances of \$292,654 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name.

As of December 31, 2016, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Assessor. GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are typically levied each November 1 on the assessed value listed as of the prior January 1st for all property, merchandise, and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation of property was completed during 2016. Taxes are due and payable December 31st, with interest being charged on payments after January 1st. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold at the amount of the taxes. The tax rate for the year ended December 31, 2016 was \$1.86 per \$1,000 of assessed valuation of property within St. Bernard Parish for the purpose of assessing property, preparing tax rolls, and submitting the rolls to the Louisiana Tax Commission. As indicated in Note 1c, taxes levied November 1, 2015 are for budgeted expenditures in 2016 and is recognized as revenue in 2016.

Note 3 - PROPERTY TAXES (Continued)

The Assessor's office is located in St. Bernard Parish in Chalmette, Louisiana. In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1st of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector, who is responsible for the collection and distribution of taxes to the various taxing bodies.

As of December 31, 2016, there are 21,464 real property and movable property assessments totaling \$187,331,162 and \$191,676,268, respectively. This represents an increase of 336 assessments and a decrease in property assessments of \$3,897,814 from the prior year.

The following are the principal taxpayers for the Parish with assessed valuation in excess of \$3.8 million:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2016 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Chalmette Refining, L.L.C.	Oil	\$ 43,420,789	11.46
Valero	Oil	34,371,754	9.07
Colonial Pipeline Co.	Oil	22,491,750	5.93
American Sugar/Domino	Sugar	15,604,377	4.12
Southern Natural Gas Co.	Utility	13,181,610	3.48
Entergy Louisiana, Inc.	Utility	11,680,340	3.08
Moem Pipeline, L.L.C.	Oil	4,294,000	1.13
Tennessee Gas Pipeline Co.	Oil	4,103,350	1.08
Totals		<u>\$ 149,147,970</u>	<u>39.35</u>

Note 4 - DUE FROM ST. BERNARD PARISH GOVERNMENT

The Assessor has an amount receivable from the St. Bernard Parish Government (the "Parish") related primarily to reimbursements for expenses incurred by the Assessor that are eligible to be covered by the Parish budget. As of December 31, 2016 amounts due from St. Bernard Parish Government totaled \$26,830.

Note 5 - DUE FROM ST. BERNARD PARISH SHERIFF

Amounts due from St. Bernard Parish Sheriff as of December 31, 2016 consisted of ad valorem taxes collected by the St. Bernard Parish Sheriff in December 31, 2016 but not remitted to the Assessor until the beginning of the following year. The balance due as of December 31, 2016 was \$501,303.

Note 6 - STATE REVENUE SHARING

State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. State revenue sharing revenue of \$4,021 was recognized for the year ended December 31, 2016. The majority of state revenue sharing revenue was allocated by the state to other St. Bernard Parish governmental entities.

Note 7 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Dispositions	Balance December 31, 2016
Capital assets				
being depreciated:				
Office furniture,				
fixtures,				
and equipment	\$ 167,365	\$ 2,143	\$ (26,855)	\$ 142,653
Less accumulated				
depreciation for:				
Office furniture,				
fixtures,				
and equipment	(92,876)	(18,990)	26,855	(85,011)
Total capital				
assets, net	<u>\$ 74,489</u>	<u>\$ (16,847)</u>	<u>\$ -</u>	<u>\$ 57,642</u>

Note 8 - COMMITMENTS

The Assessor entered into an operating lease agreement for equipment in January 2016. The lease is for four years, with monthly lease payments of \$1,080 expiring in December 2019.

Minimum future lease payments as of December 31, 2016 are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2017	\$ 12,960
2018	12,960
2019	<u>12,960</u>
Total	<u>\$ 38,880</u>

Lease expense totaled \$12,212 for the year ended December 31, 2016.

The Assessor entered into a contract for professional appraisal consulting services in November 2016, the agreement is for two years, with semi-annual payments of \$17,900. Minimum future payments for this contract are for \$35,800 per year for the years ending December 31, 2017 and 2018.

Note 9 - RETIREMENT PLANS

Plan Description. The Assessor contributes to the Louisiana Assessor's Retirement Fund ("Fund"), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees.

Act 91 of the 1950 Louisiana Legislative Session established the plan. Provisions of the plan are set forth in the Louisiana Revised Statutes 11:1401 through 11:1483. The Fund issues a publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to Louisiana Assessor's Retirement Fund, P.O. Box 14699, Baton Rouge, Louisiana, 70898-4699.

Benefits Provided. The Fund provides retirement, deferred retirement, disability, and death benefits. Employees who were hired before October 1, 2013, will be eligible for pension benefits once they have either reached the age of 55 and have at least 12 years of service or have at least 30 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 60 and have at least 12 years of service or have reached the age of 55 and have at least 30 years of service.

Note 9 - RETIREMENT PLANS (Continued)

Employees who became members prior to October 1, 2006, are entitled to annual pension benefits equal to 3.33% 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 and survivor annuity.

In lieu of terminating employment and accepting a service retirement, any member of the plan who is eligible to retire may elect to participate in the Back-Deferred Retirement Option Plan (Back-DROP) in which they are enrolled for three years and defer the receipt of benefits. During the participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the Back-DROP fund. The election to participate in Back-DROP is irrevocable once participation begins. The Board of Trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of the Plan shall be paid a disability benefit equal to the greater of 45 percent of final average compensation, or the member's accrued retirement benefit at the time of termination of employment due to disability; or 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. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. The actuarially determined employer contribution rate was 4.75% of member's compensation. However, the actual rate was 13.50% through September 2016, and was lowered to 10.00% in October 2016.

Contributions to the Fund from the St. Bernard Parish Assessor were \$45,765.

Pension Liabilities. The St. Bernard Parish Assessor reported a liability of \$274,759 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of September 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The St. Bernard Parish Assessor's proportion of the Net Pension Liability was based on a projection of the St. Bernard Parish Assessor's long-term share of contributions to the pension plan relative to

Note 9 - RETIREMENT PLANS (Continued)

the projected contributions of all participating employers, actuarially determined. The St. Bernard Parish Assessor's proportion was .778641%, which was a decrease of .057951% from its proportion measure from the prior year.

Pension Expense. The St. Bernard Parish Assessor recognized pension expense of \$43,726.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The St. Bernard Parish Assessor reported deferred outflows of resources and deferred inflows of resources 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	\$ 19,036	\$ (7,980)
Change of assumptions	3,750	-
Net difference between projected and actual earnings on pension plan investments	96,783	-
Changes in proportion and differences between Assessor's contributions and proportionate share of contribution	15,057	(10,933)
Assessor's contributions subsequent to the measurement date	<u>15,749</u>	<u>-</u>
	<u>\$ 150,375</u>	<u>\$ (18,913)</u>

The St. Bernard Parish Assessor reported \$15,749 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 38,187
2018	38,186
2019	38,296
2020	(5,776)
2021	<u>6,820</u>
Total	<u>\$ 115,713</u>

Note 9 - RETIREMENT PLANS (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability are as follows:

Valuation date:	September 30, 2016
Actuarial cost method:	Entry Age Method
Actuarial assumptions:	
Expected remaining service lives	6 years
Investment rate of return	7.00%, net of investment expense
Projected salary increases	8.25% (2.50% inflation, 5.75% merit)
Annuitant and beneficiary mortality	RP-2000 Health Annuitant Table set forward one year and projected to 2030 for males and females.
Active member's mortality	RP-2000 Employee Table set back four years for males and three years for females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Tables set back five years for males and three years for females.
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 increases not yet authorized by the Board of Trustees.

Note 9 - RETIREMENT PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates 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. The long term expected rate of return was 7%. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Total fixed income	33.00%
Large Core	22.20%
All Cap Value	12.40%
All Cap Growth	11.70%
Europacific Growth Fund	6.50%
TS & W Int LC	5.70%
Total alternatives	5.50%
SSGA ACWI ex USA Index Fund	2.30%
LAMP	<u>0.70%</u>
 Total	 <u>100.00%</u>
	 <u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.50%
International equity	8.50%
Domestic bonds	2.50%
International bonds	3.50%
Real estate	4.50%

Note 9 - RETIREMENT PLANS (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed 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 of the Fund. Based on those assumptions, the Fund'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.

Sensitivity of the Assessor's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6%) or one-percentage point higher (8%) than the current rate:

	1.0% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1.0% Increase <u>8.00%</u>
Assessor's proportionate share share of the net pension liability	<u>\$580,755</u>	<u>\$274,759</u>	<u>\$12,377</u>

Pension Plan Fiduciary Net Position. The Fund has issued a stand-alone audit report on its financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Note 10 - POST-EMPLOYMENT BENEFITS

Plan Description -The Assessor's medical and life insurance benefits are provided through a State of Louisiana sponsored plan and are made available to employees upon retirement. An employee is eligible to elect medical and insurance coverage upon retiring. Eligibility for retiree medical and insurance coverage is available to employees over 55 years of age and who have accumulated over 20 years of service and for an employee of any age if they have 30 years or more of service. Complete plan provisions are included in the official plan documents. It is assumed that 100% of employees who elect coverage while in active employment and who are eligible for retiree medical and insurance benefits will elect continued coverage upon retirement. For those who elect coverage, it is also assumed that they will continue to be covered by the same plan as retirees as when they were active.

Note 10 - POST-EMPLOYMENT BENEFITS (Continued)

For active and retirees, the life insurance coverage amount provided by the Assessor and their annual premium was calculated on an individual basis. Life insurance premiums for retiree coverage are \$.47/month/unit of coverage through September 2016, and \$.41/month/unit of coverage for the remainder of 2016. The Assessor covers 100% of the premium amount.

After analysis of historical retirement age and service patterns, the retirement assumption is as follows:

<u>Age</u>	<u>Retirement Rate</u>
46 - 49	22%
50 - 54	44%
55 - 57	4%
58 - 62	18%
63+	28%

Contribution Rates - Employees do not contribute to any post-employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy - Prior to January 1, 2009, the Assessor recognized the cost of providing post-employment benefits medical and life benefits (the Assessor's portion of the medical and life insurance premiums paid on behalf of retirees) as an expense when the benefit premiums were due and thus financed the cost of post-employment benefits on a "pay as you go" basis. As of December 31, 2016, there were five active employees and five retirees eligible to receive benefits. In 2016, the Assessor's portion of the medical and insurance cost totaled \$64,380, including \$15,967 for current retirees.

The Assessor has implemented GASB 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*. The actuarially determined cost information presented under GASB 45 was prepared by an actuary whose report dated April 21, 2017 stated that reliance was placed on employee census information provided by the Assessor.

The Assessor's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which is being implemented for the year ended December 31, 2016. The ARC is the sum of the normal cost plus the contribution to amortize Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum allowed under GASB 45) has been used for the post-employment benefits. The total ARC for the year beginning January 1, 2016 is \$85,593.

Note 10 - POST-EMPLOYMENT BENEFITS (Continued)

	<u>Medical and Life</u>
Normal cost	\$ 49,469
Amortization amount	<u>36,124</u>
Annual Required Contribution (ARC)	<u>\$ 85,593</u>

Net Post-employment Benefit Obligation - GASB 45 was implemented prospectively with zero net obligations at transition. The Assessor's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The table below shows the Assessor's Net Other Post-employment Benefit Obligation (OPEB) for the fiscal year ended December 31, 2016. This amount is included in non-current liabilities on the Statement of Net Assets.

	<u>Medical and Life</u>
Beginning net OPEB obligation as of January 1, 2016	<u>\$ 516,125</u>
Annual Required Contribution (ARC)	85,593
Interest on prior year net OPEB obligation	20,444
Adjustments to ARC	<u>(33,522)</u>
Annual OPEB cost	72,515
Contributions made	<u>15,967</u>
Change in OPEB obligation	<u>56,548</u>
Ending net OPEB obligation as of December 31, 2016	<u>\$ 572,673</u>

Note 10 - POST-EMPLOYMENT BENEFITS (Continued)

The following table shows the Assessor's annual OPEB cost, percentage of the cost contributed, and the net unfunded OPEB liability:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
December 31, 2016	\$72,515	22.0%	\$572,673
December 31, 2015	\$74,083	10.5%	\$516,125
December 31, 2014	\$104,431	7.5%	\$449,843

Funded Status and Funding Progress - In the year ending December 31, 2016, the Assessor made no contributions to its post-employment benefits plan. The plan was not funded, has no assets, and has a funded ratio of 0.0%. As of April 21, 2017, the most recent actuarial valuation, the AAL was \$550,794 for medical, dental, and life, which is defined as that portion, as determined by a particular actuarial cost method (the Assessor uses the projected Unit Cost Credit Method), of the actuarial present value of post-employment plan benefits and expenses which is not provided by normal cost. Since the plan is not funded in the year ended December 31, 2016, the Unfunded Actuarial Accrued Liability (UAAL) for medical, dental, and life was \$550,794.

	<u>Medical and Life</u>
Actuarial Accrued Liability (AAL)	\$ 550,794
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 550,794</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	<u>\$ -</u>
Covered Payroll	<u>\$ 355,524</u>
UAAL as a Percentage of Covered Payroll	<u>155%</u>

Note 10 - POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions - Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding 1) turnover rate; 2) retirement rate; 3) health care cost trend rate; 4) mortality rate; 5) discount rate (investment return assumption); and 6) the period to which the costs apply (past, current, or future years of service by employees). Actuarial determined amounts are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the Assessor's benefit plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of any future legal or contractual funding limitations.

Actuarial Cost Method - The ARC is determined using the Unit Credit Actuarial Cost Method. The employer portion of the cost is derived by making certain specific assumptions as to the rates of interest, mortality, turnover which are assumed to hold for many years into the future. Since actual experience may differ from the long-term assumptions, the costs determined by the valuation must be regarded as estimates of true costs of the plan.

Actuarial Value of Plan Assets - There are no assets in the plan.

Post-employment Benefit Plan Eligibility Requirements - It has been assumed that entitlement to benefits will commence upon the eligibility provisions described above and contained in the official plan documents.

Investment Return Assumption (Discount Rate) - GASB 45 states that the investment return should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative portfolio under professional management.

Note 10 - POST-EMPLOYMENT BENEFITS (Continued)

Health Care Cost Trend Rate - The expected rate of increase in medical and pharmacy costs, dental costs, and retiree premiums are summarized as follows:

<u>Year</u>	<u>Pre-65 Medical</u>	<u>Year</u>	<u>Post-65 Medical</u>	<u>Year</u>	<u>Dental</u>
2017	5.50%	2017	8.40%	2017-2098	4.74%
2018	5.20%	2018	5.20%	2099+	4.14%
2019	5.70%	2019	5.10%		
2020	5.40%	2020-2029	5.20%		
2021-2022	5.50%	2030-2036	5.30%		
2023	5.60%	2037	5.20%		
2024	6.00%	2038-2098	5.10%		
2025	5.90%	2099+	4.60%		
2026-2027	6.00%				
2028-2029	5.90%				
2030-2035	6.10%				
2036	6.00%				
2037	5.90%				
2038-2098	5.80%				
2099+	4.40%				

A zero trend has been assumed for valuing life insurance.

Mortality Rate - The mortality rates used to calculate the actuarial valuation were as follows:

Pre-retirement: Sex Distinct RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA.

Post-retirement: Sex Distinct RP-2000 combined Healthy Mortality Table projected to 2017 using Scale AA.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date to be paid by the Assessor for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The rates provided are "blended rates" for active and retired employees based on plan experience. It is assumed that 100% of retiring employees would elect continued medical and life insurance coverage and 80% of members electing coverage are assumed to also elect coverage for a spouse.

Note 11 - STATE OF LOUISIANA TAX ABATEMENT

Assessor property tax revenues were reduced for the year December 31, 2016 by \$182,076 under the Louisiana Industrial Ad Valorem Tax Exemption Program and the Restoration Tax Abatement program which were entered into by the State of Louisiana.

Note 12 - RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to workers compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Assessor carries commercial insurance. No settlements were made during the year that exceeded the Assessor's insurance coverage.

Note 13 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures related to the use of facilities of the Assessor's office paid out of the funds of the St. Bernard Parish Government.

SUPPLEMENTARY INFORMATION

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
Revenues				
Ad valorem taxes	\$ 585,000	\$ 585,000	\$ 581,472	\$ (3,528)
Intergovernmental -				
State of Louisiana -				
State revenue sharing	3,578	4,021	4,021	-
St. Bernard Parish Government -				
cost reimbursement	75,000	32,400	30,326	(2,074)
Interest income	1,247	1,401	1,601	200
Other revenue	3,000	9,000	9,000	-
Total revenues	<u>667,825</u>	<u>631,822</u>	<u>626,420</u>	<u>(5,402)</u>
Expenditures				
Current:				
General government:				
Personal services	418,396	499,678	498,214	1,464
Other services and charges	200,460	136,276	162,910	(26,634)
Materials and supplies	<u>40,500</u>	<u>20,157</u>	<u>18,098</u>	<u>2,059</u>
Total general government	659,356	656,111	679,222	(23,111)
Capital outlay	<u>-</u>	<u>2,143</u>	<u>2,143</u>	<u>-</u>
Total expenditures	<u>659,356</u>	<u>658,254</u>	<u>681,365</u>	<u>(23,111)</u>
Excess (Deficiency) of Revenues Over Expenditures	8,469	(26,432)	(54,945)	<u>\$ (28,513)</u>
Net Position				
Beginning of year	<u>867,041</u>	<u>881,687</u>	<u>881,687</u>	
End of year	<u>\$ 875,510</u>	<u>\$ 855,255</u>	<u>\$ 826,742</u>	

**NOTE TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING**

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

The Assessor adheres to the following procedures to establish the budgetary data reflected in the financial statements.

Budgetary Information

As required by the L.R.S. 39:1301-1315, the Assessor adopted a budget for its General Fund for the year ended December 31, 2016 and it was made available for public inspection at the Assessor's office on December 11, 2015. The proposed budget was prepared on the modified accrual basis of accounting, and was published in the official journal on December 11, 2015. The budget hearing was held at the Assessor's office on December 21, 2015. The budget is legally adopted and amended, as necessary, by the Assessor. The budget for the year ended December 31, 2016 was amended once and was made available for public inspection at the Assessor's office on November 25, 2016. The budget was published in the official journal on November 25, 2016. The budget hearing was held at the Assessor's office on December 6, 2016. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**SCHEDULE OF THE ASSESSOR'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

St. Bernard Parish Assessor
Chalmette, Louisiana

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assessor's proportion of the net pension liability	<u>0.778641%</u>	<u>0.720690%</u>
Assessor's proportionate share of the net pension liability	<u>\$274,759</u>	<u>\$393,653</u>
Assessor's covered-employee payroll	<u>\$338,999</u>	<u>\$302,830</u>
Assessor's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>81.0501%</u>	<u>129.9920%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.68%</u>	<u>85.57%</u>

SCHEDULE OF ASSESSOR'S CONTRIBUTIONS**St. Bernard Parish Assessor**
Chalmette, Louisiana

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 45,765	\$ 40,882
Contributions in relation to the contractually required contribution	<u>(45,765)</u>	<u>(40,882)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Assessor's covered-employee payroll	<u>\$ 338,999</u>	<u>\$ 302,830</u>
Contributions as a percentage of covered - employee payroll	<u>13.50%</u>	<u>13.50%</u>

STATEMENTS OF FUNDING PROGRESS FOR OPEB PLAN**St. Bernard Parish Assessor**

Chalmette, Louisiana

For the years ended December 31, 2016, 2015, and 2014

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (Actuarial Value of (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/16	\$ -	\$ 550,794	\$ 550,794	\$ -	\$ 355,524	155%
12/31/15	\$ -	\$ 550,794	\$ 550,794	\$ -	\$ 297,791	185%
12/31/14	\$ -	\$ 877,707	\$ 877,707	\$ -	\$ 311,657	282%

SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD

St. Bernard Parish Assessor

Chalmette, Louisiana

For the year ended December 31, 2016

Agency Head Name: Ms. Jaylynn Bergeron Turner, Assessor St. Bernard Parish

Purpose

Salary	\$ 144,976
Benefits - insurance	18,586
Benefits - retirement	29,901
Benefits - other	0
Car allowance	0
Vehicle provided by government	16,822
Per diem	0
Reimbursements	0
Travel	179
Registration fees	450
Conference travel	0
Continuing professional education fees	190
Housing	0
Unvouchered expenses	0
Special meals	0
	<hr/>
	<u>\$ 211,104</u>

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 Jaylynn Bergeron,
St. Bernard Parish Assessor,
Chalmette, Louisiana.

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 General Fund of the St. Bernard Parish Assessor (the "Assessor") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements and have issued our report thereon dated

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 opinion 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Assessor'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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be a material weakness 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 of 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.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
June 12, 2017.

SCHEDULE OF FINDINGS AND RESPONSES

St. Bernard Parish Assessor Chalmette, Louisiana

For the year ended December 31, 2016

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

The St. Bernard Parish Assessor did not expend Federal awards during the year ended December 31, 2016.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2016.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2016.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

No compliance findings material to the financial statements were reported during the audit for the year ended December 31, 2016.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

2015-01 Compliance with State Budget Law

Recommendation - We recommend that the Assessor comply with the State budget law by amending its budget to ensure that actual revenues do not create an unfavorable variances as compared to the budgeted revenue by greater than 5%.

Management's Corrective Action - Resolved. The Assessor instituted policies to amend its budget accordingly to ensure actual revenues and expenditures do not create an unfavorable balance as compared to budgeted revenues and expenditures by greater than 5% in order to comply with Louisiana Revised Statute 36:1311.

Compliance and Other Matters

2015-01 is also a compliance finding.

Section II - Internal Control and Compliance Material to Federal Awards

The St. Bernard Parish Assessor did not expend Federal awards during the year ended December 31, 2015.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2015.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Assessor
Chalmette, Louisiana

For the year ended December 31, 2016

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended December 31, 2016 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended December 31, 2016 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The St. Bernard Parish Assessor did not expend Federal awards during the year ended December 31, 2016.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2016.