

TERREBONNE PARISH ASSESSOR



INVESTIGATIVE AUDIT
ISSUED APRIL 10, 2013

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

April 10, 2013

THE HONORABLE LONEY J. GRABERT, ASSESSOR
TERREBONNE PARISH
Houma, Louisiana

We have audited certain transactions of the Terrebonne Parish Assessor's Office. Our audit was conducted in accordance with Title 24 of the Louisiana Revised Statutes to determine the propriety of certain financial transactions.

Our audit consisted primarily of inquiries and the examination of selected financial records and other documentation. The scope of our audit was significantly less than that required by *Government Auditing Standards*.

The accompanying report presents our finding and recommendations as well as management's response. This is a public report. Copies of this report have been delivered to the District Attorney for the Thirty-Second Judicial District of Louisiana and others as required by law.

Respectfully submitted,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style.

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/dl

TERAS 2013

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BACKGROUND AND METHODOLOGY

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by parish voters for a four-year term. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation. Each assessor is authorized to appoint as many deputies as may be necessary for the 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 financially responsible for the actions of the deputies.

The assessor's office is located in the Terrebonne Parish Courthouse in Houma, 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 during the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once it 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.

This audit was initiated after receiving allegations regarding improper assessment practices by the assessor and some of his employees. We reviewed the assessor's records to determine if the assessment practices were proper. The procedures performed during this audit included:

- (1) interviewing employees of the assessor;
- (2) interviewing other persons as appropriate;
- (3) examining selected documents and records of the assessor;
- (4) gathering documents from external parties; and
- (5) reviewing applicable state laws and regulations.

FINDING AND RECOMMENDATIONS

False Change Orders Submitted to the Louisiana Tax Commission

Chief Deputy Assessor Evelyn Pellegrin may have violated state law¹ by filing false change orders with the Louisiana Tax Commission to change the assessed value of a property.

In 2010, former Terrebonne Assessor Gene Bonvillian increased the assessed value of a property for sale based on its listed asking price, which resulted in the taxes due on the property more than doubling from \$6,775 in 2009 to \$14,764 in 2010. This practice (using asking price to determine the assessment value) appears to conflict with the assessment procedures provided by state law.² The property owner paid the property taxes in full in 2010. According to the property owner, he complained to Mr. Bonvillian about his 2011 bill (\$15,637) and they both agreed that the assessment was unfairly increased.

According to Ms. Pellegrin, she was instructed by Mr. Bonvillian to correct the improper assessment. She did so by submitting change orders in 2011 and 2012 to the Louisiana Tax Commission stating falsely that the main residence on the property had been destroyed by fire. The change orders decreased the assessment and taxes due in 2011 and 2012 to offset the overpayment in 2010. Ms. Pellegrin stated this is how she was taught to correct errors. However, Ms. Pellegrin and the property owner both stated to us (auditors) that the residence did not burn down. Although the assessment was corrected, Ms. Pellegrin may have violated state law¹ by submitting change orders to the Louisiana Tax Commission falsely stating that the main residence was destroyed by fire.

Recommendations

We recommend that the assessor:

- (1) inform the Louisiana Tax Commission of the false change orders and request assistance to properly correct the improper assessment; and
- (2) train employees how to properly correct improper assessments and address the overpayment of taxes.

LEGAL PROVISIONS

¹ **Louisiana Revised Statute (R.S.) 14 § 133 (A)** states, “Filing false public records is the filing or depositing for record in any public office or with any public official, or the maintaining as required by law, regulation, or rule, with knowledge of its falsity, of any of the following: (1) Any forged document. (2) Any wrongfully altered document. (3) Any document containing a false statement or false representation of a material fact.”

² **R.S. 47 § 1957 (B)** states, in part, “All property subject to taxation shall be listed and assessed at the proper percentage of its fair market or use value as required by the constitution and laws of this state.”

R.S. 47 § 2323 (C) states, in part, “Criteria. The fair market value of real and personal property shall be determined by the following generally recognized appraisal procedures: the market approach, the cost approach, and/or the income approach.”

APPENDIX A

Management's Response

LONEY J. GRABERT
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March 20, 2013

Mr. Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Purpera:

I would like to respond to the finding in your investigative audit report on the Terrebonne Parish Assessor's office.

This past year (2012) was my first full year as Assessor of Terrebonne Parish. My staff and I have worked hard to apply the policies and procedures of this office and the very extensive state laws surrounding it.

Regarding your finding concerning the filing of change orders with false wording with the Louisiana Tax Commission to change the assessed value of a single piece of property, I would like to offer the following:

The 2011 and 2012 change orders were prepared merely to offset the incorrect tax increase on that one property owner's 2010 property tax assessment. There was no illegal intent at all to cause a financial advantage to the property owner or a financial disadvantage to the Parish.

I have informed the Louisiana Tax Commission of your finding, and I am working with them to correct these past assessments. I have already begun training my staff in the proper methods to process change orders. I trust this adequately addresses your finding and resolves this issue.

I will always do the best job possible for the people of Terrebonne Parish and the Parish as a whole in an honest, ethical and professional manner.

Sincerely,



Loney J. Grabert
Terrebonne Parish Assessor