

**LIVINGSTON PARISH ASSESSOR**  
**REPORT ON AUDIT OF COMPONENT**  
**UNIT FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 31 2013

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May 22, 2013

**INDEPENDENT AUDITOR'S REPORT**

Honorable Jeffrey G. Taylor, CLA  
Livingston Parish Assessor  
Livingston, Louisiana

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund (the General Fund), and the budgetary comparison statement of the General Fund of the Livingston Parish Assessor, "the Assessor", a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Assessor's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control. Accordingly, 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 (the General Fund) of the Livingston Parish Assessor as of December 31, 2012, and the respective budgetary comparison for the General Fund and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Livingston Parish Assessor's December 31, 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2013, on our consideration of the Assessor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Livingston Parish Assessor's internal control over financial reporting and compliance.

Respectfully submitted,

*Hannu L. Bourgeois, CPA*

Livingston Parish Assessor  
Livingston, Louisiana  
Management Discussion and Analysis  
December 31, 2012

The Livingston Parish Assessor is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments (GASB 34), and related standards.

The Assessor's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Assessor's financial activity, (c) identify changes in the Assessor's financial position, (d) identify any significant variations from the Assessor's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Assessor's financial statements.

### **FINANCIAL HIGHLIGHTS**

- At December 31, 2012, the Assessor's assets exceeded its liabilities by \$2,398,318 (net position). All net position is unrestricted and may be used to meet the Assessor's ongoing obligations.
- For the year ended December 31, 2012, the Assessor's total net position decreased by \$276,699.
- At December 31, 2012, the Assessor's General Fund reported an ending fund balance of \$3,889,463. This was an increase of \$396,739 for the year.
- At December 31, 2012, the Assessor had cash and cash equivalents of \$153,879 which represents a decrease of \$9,525 from the prior year.
- At December 31, 2012, the Assessor had investments of \$307,989 which represents an increase of \$85,405 from the prior year.
- At December 31, 2012, the Assessor had capital assets net of accumulated depreciation of \$726,908. This was a decrease of \$108,416 from the prior year.
- The Assessor had capital asset purchases of \$40,704 and depreciation expense of \$138,549 for the year ended December 31, 2012.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The financial statement focus is on both the Livingston Parish Assessor as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Assessor's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the Assessor's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

### **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 the Assessor's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of 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 changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Assessor's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services.

The Assessor's activities are presented as Governmental activities.

- Governmental activities - The Assessor's basic services are reported here. These activities are financed primarily by ad valorem taxes.

The governmental-wide financial statements can be found on pages 10 and 11 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Assessor, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Assessor uses one category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar.

A governmental fund is used to account for the Assessor's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Assessor's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Assessor's programs. The governmental fund financial statements can be found on pages 12 through 17 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for governmental funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Assessor's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Change in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 13 and 15 of this report.

**Notes to the Financial Statements**

The notes to the financial statements 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 on pages 18 through 36 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Assessor's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position on page 10 of this report.

Condensed Statements of Net Position

	2012	2011
<b>Assets:</b>		
Current and Other Assets	\$ 4,046,342	\$ 3,619,205
Capital Assets	726,908	835,324
Total Assets	4,773,250	4,454,529
<b>Liabilities:</b>		
Other Liabilities	2,374,932	1,779,512
Total Liabilities	2,374,932	1,779,512
<b>Net Position:</b>		
Invested in Capital Assets, Net of Related Debt	726,908	835,324
Unrestricted	1,671,410	1,839,693
Total Net Position	\$ 2,398,318	\$ 2,675,017

At December 31, 2012, one-hundred percent of the Assessor's net position is unrestricted and may be used to meet the Assessor's ongoing obligations to its citizens.

At December 31, 2012, the Assessor had cash, cash equivalents, and investments of \$461,868. This represents approximately 11% of current and other assets.

Approximately 30% of the Assessor's net position reflects its investment in capital assets.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Assessor's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on pages 11 of this report.

Condensed Statements of Activities

	2012	2011
Revenues:		
Program Revenues	\$ 28,153	\$ 47,933
General Revenues	3,724,570	3,330,162
Total Revenues	3,752,723	3,378,095
Program Expenses:		
General Government	3,890,873	3,756,859
Depreciation	138,549	156,660
Total Program Expenses	4,029,422	3,913,519
Change in Net Position	\$ (276,699)	\$ (535,424)

The Assessor's total revenues increased by \$374,628 or 11% of the prior year amount due primarily to an increase in ad valorem tax revenue of \$357,769, a decrease in revenue sharing of \$2,620, a decrease in fees charged to other governments of \$17,915 and an increase in other revenue of \$1,339. Total program expenses increased by \$115,903 or 3% due primarily to an increase in professional services of \$144,560 over the prior year.

**Fund Financial Analysis**

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 funds 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, unassigned fund balance may serve as a useful measure of the Assessor's net resources available for spending at the end of the year. The governmental fund financial statements can be found on pages 12 through 17 of this report.

The General Fund is the only fund of the Assessor. At the end of the current year, the total fund balance for the General Fund was \$3,889,463, of which \$3,099,403 was unassigned and \$790,060 was committed. As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. Total fund balance represents 116% of total General Fund expenditures.

During the current year, the Assessor's General Fund balance increased by \$396,739.

## General Fund Budgetary Highlights

The Assessor demonstrated legal compliance by adopting and amending its budget in accordance with provisions of the Local Government Budget Act. As required by state law, actual revenues and other sources were within 5% of budgeted revenues and other sources.

An analysis of significant variations between original and final budget amounts and between final budget amounts and actual budget results and the reasons for those variations are listed below.

- The final budget for ad valorem tax revenue exceeded the original budget by \$265,000 due to an increase in ad valorem tax revenue.
- The final budget for salaries and benefits decreased by \$21,754 from the original budget due to decreases in salaries and in employee benefits.
- The final budget for materials and supplies was increased by \$19,200 for additional costs of fuel and office supplies.
- The final budget for professional services was increased by \$412,300 due to a classification change for expenses for new projects.
- The final budget for capital outlay was decreased by \$167,100 for the purchase of software systems to be classified as professional services.

## Capital Asset and Debt Administration

At December 31, 2012, the Assessor had \$726,908 net of depreciation, invested in capital assets. This amount represents a decrease of \$108,416 (net of depreciation).

The following table provides a summary of the Assessor's capital assets (net of depreciation) at the end of the current year as compared to the prior year. For more detailed information, see Note 4 to the financial statements on page 27 of this report.

### Capital Assets (Net of Depreciation) December 31, 2012 and 2011

	2012	2011
Buildings	\$ 457,752	\$ 457,752
Equipment and Furniture	64,108	56,657
Vehicles	224,835	380,583
Computers	395,460	395,460
Accumulated Depreciation	(415,247)	(455,128)
Capital Assets, Net	<u>\$ 726,908</u>	<u>\$ 835,324</u>

Major asset additions include the following:

- \$33,253 for a new vehicle with disposals of \$189,001 or \$(155,748) net
- \$7,451 for new computer equipment

## **Contacting the Assessor's Financial Management**

This financial report is designed to provide Livingston Parish citizens, taxpayers, customers and creditors with a general overview of the Assessor's finances and show the Assessor's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to the Livingston Parish Assessor, Post Office Box 307, Livingston, LA 70754.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## LIVINGSTON PARISH ASSESSOR

STATEMENT OF NET POSITION

DECEMBER 31, 2012

(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 153,879	\$ 163,404
Investments	307,989	222,584
Receivables	3,549,465	3,194,908
Prepaid Expenses	35,009	38,309
Capital Assets, Net of Accumulated Depreciation	<u>726,908</u>	<u>835,324</u>
Total Assets	<u>\$ 4,773,250</u>	<u>\$ 4,454,529</u>
<b>LIABILITIES</b>		
<b>Liabilities:</b>		
Accounts Payable	\$ 121,870	\$ 88,172
Accrued Leave Payable	27,197	24,869
Other Post-Employment Benefits Payable	<u>2,225,865</u>	<u>1,666,471</u>
Total Liabilities	2,374,932	1,779,512
<b>NET POSITION</b>		
Invested in Capital Assets, Net	726,908	835,324
Unrestricted	<u>1,671,410</u>	<u>1,839,693</u>
Total Net Position	<u>2,398,318</u>	<u>2,675,017</u>
Total Liabilities and Net Position	<u>\$ 4,773,250</u>	<u>\$ 4,454,529</u>

The accompanying notes constitute an integral part of this statement.

## LIVINGSTON PARISH ASSESSOR

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
<b>Expenses:</b>		
General Government	\$ 3,890,873	\$ 3,756,859
Depreciation	138,549	156,660
Total Expenses	<u>4,029,422</u>	<u>3,913,519</u>
<b>Program Revenues:</b>		
Charges for Services	<u>28,153</u>	<u>47,933</u>
Net Program Expense	4,001,269	3,865,586
<b>General Revenues:</b>		
Ad Valorem Tax	3,543,387	3,185,618
Revenue Sharing	119,141	121,761
Other Revenues	4,623	3,284
Gain on Sale of Assets	33,034	1,924
Interest	<u>24,385</u>	<u>17,575</u>
Total General Revenues	<u>3,724,570</u>	<u>3,330,162</u>
Change in Net Position	(276,699)	(535,424)
<b>Net Position - Beginning of Year</b>	<u>2,675,017</u>	<u>3,210,441</u>
<b>Net Position - End of Year</b>	<u><u>\$ 2,398,318</u></u>	<u><u>\$ 2,675,017</u></u>

The accompanying notes constitute an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

## LIVINGSTON PARISH ASSESSOR

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2012

(With Comparative Totals as of December 31, 2011)

	General Fund	
	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 153,879	\$ 163,404
Investments	307,989	222,584
Property Tax Receivable, Net	3,466,513	3,107,334
Due from Other Governments	65,407	74,005
Other Receivable	17,545	13,569
Total Assets	<u>\$ 4,011,333</u>	<u>\$ 3,580,896</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	<u>\$ 121,870</u>	<u>\$ 88,172</u>
Total Liabilities	121,870	88,172
<b>Fund Balance:</b>		
Committed For:		
Contractual Commitments	790,060	1,111,800
Unassigned	<u>3,099,403</u>	<u>2,380,924</u>
Total Fund Balance	<u>3,889,463</u>	<u>3,492,724</u>
Total Liabilities and Fund Balance	<u>\$ 4,011,333</u>	<u>\$ 3,580,896</u>

The accompanying notes constitute an integral part of this statement.

## LIVINGSTON PARISH ASSESSOR

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

DECEMBER 31, 2012

(With Comparative Totals as of December 31, 2011)

	<u>2012</u>	<u>2011</u>
<b>Fund Balance - Total Governmental Fund</b>	\$ 3,889,463	\$ 3,492,724
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in the funds</p>		
Governmental Capital Assets	1,142,155	1,290,452
Less: Accumulated Depreciation	<u>(415,247)</u>	<u>(455,128)</u>
	726,908	835,324
Prepaid Expenses	35,009	38,309
<p>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 governmental funds.</p>		
OPEB Payable	(2,225,865)	(1,666,471)
Accrued Leave Payable	<u>(27,197)</u>	<u>(24,869)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 2,398,318</u>	<u>\$ 2,675,017</u>

The accompanying notes constitute an integral part of this statement.

## LIVINGSTON PARISH ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2012  
 (With Comparative Totals for the Year Ended December 31, 2011)

	<u>General Fund</u>	
	<u>2012</u>	<u>2011</u>
<b>Revenues:</b>		
Ad Valorem Taxes	\$ 3,543,387	\$ 3,185,618
Intergovernmental:		
State Revenue Sharing	119,141	121,761
Fees Charged to Other Governments	16,718	34,633
Charges for Services	11,435	13,300
Interest on Delinquent Ad Valorem Taxes	21,563	12,201
Interest	2,822	5,374
Other	4,623	3,284
<b>Total Revenues</b>	<b>3,719,689</b>	<b>3,376,171</b>
<b>Expenditures:</b>		
Salaries and Related Benefits	2,420,315	2,424,385
Insurance	49,443	63,824
Materials and Supplies	123,292	116,529
Office Expense	78,594	72,543
Professional Services	503,249	358,689
Repairs and Maintenance	16,484	16,960
Tax Collector Expense	53,504	19,942
Travel and Training	50,796	27,805
Utilities and Communications	30,174	41,990
	<b>3,325,851</b>	<b>3,142,667</b>
Capital Outlay	40,704	77,951
Intergovernmental Transfer	-	80,000
<b>Total Expenditures</b>	<b>3,366,555</b>	<b>3,300,618</b>
<b>Excess of Revenues over Expenditures</b>	<b>353,134</b>	<b>75,553</b>
<b>Other Financing Sources:</b>		
Proceeds from Sale of Assets	43,605	8,315
<b>Total Other Financing Sources</b>	<b>43,605</b>	<b>8,315</b>
<b>Excess of Revenues and Other Sources Over Expenditures</b>	<b>396,739</b>	<b>83,868</b>
<b>Fund Balance at Beginning of Year</b>	<b>3,492,724</b>	<b>3,408,856</b>
<b>Fund Balance at End of Year</b>	<b>\$ 3,889,463</b>	<b>\$ 3,492,724</b>

The accompanying notes constitute an integral part of this statement.

## LIVINGSTON 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, 2012  
(With Comparative Totals for the Year Ended December 31, 2011)

	2012	2011
<b>Net Change in Fund Balances - Total Governmental Fund</b>	<b>\$ 396,739</b>	<b>\$ 83,868</b>
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	40,704	77,951
Depreciation Expense	(138,549)	(156,660)
	(97,845)	(78,709)
Add accumulated depreciation on capital assets retired during the year	178,430	76,104
Less cost basis of capital assets retired during the year	(189,001)	(82,495)
<p>Expenditures reported in the governmental funds that required the use of current resources that are not reported in the statement of activities:</p>		
Increase (Decrease) in Prepaid Insurance	(3,300)	21,607
<p>The liability and expense for Other Post-Employment Benefits (OPEB) Payable are not reported in the governmental funds. Payments for Other Post-Employment Benefits Payable are reported as benefits expense when they occur.</p>		
Increase in OPEB Payable	(559,394)	(570,800)
<p>The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. Only the payment consumes financial resources, and it would take a catastrophic event for this liability to be a current liability.</p>		
(Increase) Decrease in Compensated Absences Liability	(2,328)	15,001
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (276,699)</b>	<b>\$ (535,424)</b>

The accompanying notes constitute an integral part of this statement.

## LIVINGSTON PARISH ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 3,100,000	\$ 3,365,000	\$ 3,543,387	\$ 178,387
State Revenue Sharing	105,000	116,360	119,141	2,781
Fees Charged to Other Governments	18,000	18,000	16,718	(1,282)
Charges for Services	-	-	11,435	11,435
Interest on Delinquent Ad Valorem Taxes	-	-	21,563	21,563
Interest	-	-	2,822	2,822
Other	-	-	4,623	4,623
<b>Total Revenues</b>	<b>3,223,000</b>	<b>3,499,360</b>	<b>3,719,689</b>	<b>220,329</b>
<b>Expenditures:</b>				
<b>Salaries and Related Benefits:</b>				
Assessor, Deputy and Other Salaries	1,635,000	1,575,046	1,559,926	15,120
Employee Benefits	836,800	875,000	822,660	52,340
Payroll Taxes	-	-	37,729	(37,729)
	2,471,800	2,450,046	2,420,315	29,731
Insurance	-	-	49,443	(49,443)
<b>Materials and Supplies:</b>				
Office Supplies	83,600	75,000	28,320	46,680
Other Supplies	-	-	2,992	(2,992)
Small Tools and Equipment	-	-	32,019	(32,019)
Uniforms	-	-	18,397	(18,397)
Vehicle Supplies and Fuel	247,200	275,000	41,564	233,436
	330,800	350,000	123,292	226,708
Office Expense	26,100	3,000	78,594	(75,594)
Professional Services	112,700	525,000	503,249	21,751
Repairs and Maintenance	-	-	16,484	(16,484)
Tax Collector Expense	-	-	53,504	(53,504)
Travel and Training	64,500	25,000	50,796	(25,796)
Utilities and Communications	-	-	30,174	(30,174)
	3,005,900	3,353,046	3,325,851	27,195

(CONTINUED)

**LIVINGSTON PARISH ASSESSOR**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Expenditures (Continued):</b>				
Capital Outlay	217,100	50,000	40,704	9,296
Total Expenditures	3,223,000	3,403,046	3,366,555	36,491
Excess of Revenues Over Expenditures	-	96,314	353,134	256,820
<b>Other Financing Sources:</b>				
Proceeds from Sale of Assets	-	-	43,605	43,605
Total Other Financing Sources	-	-	43,605	43,605
Excess of Revenues and Other Sources Over Expenditures	-	96,314	396,739	300,425
<b>Fund Balance at Beginning of Year</b>	<b>3,492,724</b>	<b>3,492,724</b>	<b>3,492,724</b>	<b>-</b>
<b>Fund Balance at End of Year</b>	<b>\$ 3,492,724</b>	<b>\$ 3,589,038</b>	<b>\$ 3,889,463</b>	<b>\$ 300,425</b>

The accompanying notes constitute an integral part of this statement.

# LIVINGSTON PARISH ASSESSOR

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2012

### **Introduction**

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

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

At December 31, 2012, there are 59,128 real property and movable property assessments totaling \$573,475,360 and \$94,108,360 respectively. This represents an increase of 465 in assessments totaling \$19,726,820 over the prior year, caused primarily by the increasing number of new businesses and residential growth in the parish during the year.

### **(1) Summary of Significant Accounting Policies -**

#### **A. Basis of Presentation**

The financial statements of the Assessor have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 30, 2012, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

#### **B. Financial Reporting Entity**

The Assessor is an independently elected official; however, the Assessor is fiscally dependent on the Livingston Parish Council. As the governing authority of the parish, for reporting purposes, The Livingston Parish Council is the financial reporting entity for the parish. The financial reporting entity consist of (a) primary government (parish government), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

the 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. Because the parish government provides a building for office space, the Assessor is financially dependent on the parish government. The Assessor was determined to be a component unit of the Livingston Parish Council which is the financial reporting entity. In conformity with Governmental Accounting Standards Board, Statement 61, the Assessor is a component unit of the Livingston Parish Council, the financial reporting entity of the parish. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the Council and the general government services provided by that governmental unit

#### C. Fund Accounting

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

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

**General Fund** - the primary operating fund of the Assessor which accounts for the operations for the Assessor's office. All revenues including ad valorem taxes, state revenue sharing, and other revenues are accounted for in this fund. In addition, all general operating expenditures are paid from this fund.

#### D. Measurement Focus/Basis of Accounting

##### Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The statement of net position and the statement of activities displays information about the Assessor as a whole. These statements include all financial activities of the Assessor. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange like transactions are recognized when the exchange occurs regardless of when cash is received or disbursed.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The Assessor reports primarily general revenues which include ad valorem tax and state revenue sharing.

The Assessor does not allocate indirect expenses.

#### Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 a government-wide view of the Assessor's operations.

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

Revenues - Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem taxes, state revenue sharing and related fees charged to other governments are recorded in the year taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on December 31. The taxes are generally collected in December of the current year and January and February of the ensuing year. Interest income is recorded when received, investments have matured, and the income is available. All other income is generally recorded when received.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

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

**Reconciliation** - Explanations of reconciliation differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D. Likewise, explanations of reconciliation differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities is presented in Statement F.

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.

#### E. Budgets

The Assessor uses the following budget practices:

1. The Assessor prepares a General Fund budget, on the modified accrual basis of accounting, at the beginning of each year based upon prior year expenditures and anticipated revenues for the budget year.
2. The proposed budget is made available for public inspection no later than 15 days prior to the beginning of the year. A public hearing on the budget is advertised in the Livingston Parish News.
3. All annual appropriations lapse at fiscal year end.
4. Budget amounts included in the accompanying financial statements include the original and final adopted budgets.
5. Formal budgetary integration (within the accounting system) is employed as a management control device. During the fiscal year, actual revenues and expenditures are compared to budgeted revenues and expenditures by the Assessor. If actual revenues are falling short of budgeted revenues by 5% or more, or if actual expenditures to date plus projected expenditures for the remainder of the year exceed the budgeted expenditures by 5% or more, the original budget is amended by the Assessor.

For the fiscal year ended December 31, 2012, there were no instances of actual revenues and other sources that were below budget appropriation that would have resulted in an unfavorable variance in violation of the Local Government Budget Act. There were no instances of actual expenditures and other uses that were above budget appropriation that would have resulted in an unfavorable variance in violation of the Local Government Budget Act.

**LIVINGSTON PARISH ASSESSOR**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2012

**F. Cash and Cash Equivalents and Investments**

The Assessor's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Assessor's investment policy allow the Assessor to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state sponsored investment pool, governmental bonds, and mutual funds consisting solely of government-backed securities.

Investments for the Assessor are reported at fair market value.

**G. Prepaid Items**

The Assessor recognizes expenditures for insurance extending more than one accounting period when paid. These expenses are adjusted and recorded on the government-wide statement as prepaid items based on cost paid in the current year that are applicable to future accounting periods.

**H. Capital Assets**

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. The Assessor maintains a threshold level of \$1,500 or more for capitalizing capital assets. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Building Improvements	20 to 40 years
Equipment	3 to 25 years
Vehicles	5 years

**I. Estimates**

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

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

#### J. Compensated Absences

Assessor employees earn vacation leave of 2 weeks per year for the first and second year of employment, 3 weeks per year for the third through the sixth year of employment, 4 weeks per year for the seventh through the fifteenth year of employment, 5 weeks per year for the sixteenth through the twenty-fourth year of employment, and 6 weeks per year for the twenty-fifth and greater years of employment. No vacation leave can be carried forward.

Additionally, employees may earn paid compensated time in exchange for overtime hours worked. Compensated time is approved in advance by the Assessor prior to being earned by the employee. Employees may carry a maximum of 80 hours of comp time over from year to year. Any hours earned in excess of 80 hours are paid out at the next payroll date. Employees are entitled to any earned comp time up to 80 hours at the time of termination of employment.

#### K. Summary Financial Information for 2011 and Reclassification

The financial statements include certain prior year summarized information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Assessor's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Certain items in the 2011 columns have been reclassified to conform to the presentation in the current year financial statements. Such reclassifications had no effect on previous reported excess of revenues and other sources over expenditures and other uses or change in net position.

#### L. Fund Equity

The Assessor implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in fund financial statements, effective January 1, 2011. In the governmental fund financial statements, fund balances are classified as follows:

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

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Assessor. These amounts cannot be used for any other purpose unless the Assessor removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**LIVINGSTON PARISH ASSESSOR**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2012

Assigned - Amounts that are designated as committed by the Assessor but are not spendable until a budget resolution is passed.

Unassigned - All amounts not included in other spendable classifications; positive amounts are only in the general fund. The Assessor has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum balance.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (Statement C). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Assessor or the Assignment has been changed by the Assessor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order.

**(2) Cash, Cash Equivalents and Investments -**

At December 31, 2012, the Assessor had cash and cash equivalents (book balances) of as follows:

Cash and Cash Equivalents	
Cash on Hand	\$ 500
Demand Deposits	153,379
	<u>153,879</u>
Investments	
Certificates of Deposit	205,605
State of Louisiana Obligation Bond	102,384
	<u>307,989</u>
Total	<u>\$ 461,868</u>

For reporting purposes, cash and cash equivalents include cash, demand deposits and time certificates of deposit with maturities of three months or less from the date of acquisition. In addition, the Assessor also holds investments of certificates of deposit with maturities greater than 90 days and State of Louisiana Obligation which are included under the financial statement heading of Investments.

The interest bearing demand deposits are stated at cost, which approximates fair value. 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.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

The Assessor's investment in Certificates of Deposit is scheduled to mature in August 2013 and the State of Louisiana Obligation is scheduled to mature in July 2042.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, all investments are carried at fair market value.

**Interest Rate Risk:** The Assessor does not have a formal investment policy that limits investments' maturities as a means of managing its exposure to fair value arising from increasing interest rates.

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the Assessor's deposits may not be returned to it. As of December 31, 2012, \$109,157 of the Assessor's bank balances of \$245,683 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Assessor's name.

**Custodial Credit Risk - Investments.** For an investment, this is the risk that, in the event of failure of the counterparty, the Assessor will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2012, \$91,562 of the Assessor's certificate of deposit balances of \$205,605 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Assessor's name. The Assessor's investment in the State of Louisiana Obligation is guaranteed by the State of Louisiana.

### (3) Ad Valorem Taxes -

Louisiana Revised Statute 47:1925.2 created a special assessment district to provide ad valorem taxes revenue to fund the operations of the Assessor.

Ad valorem taxes are levied in September or October and are billed by the Livingston Parish Sheriff and are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. Ad valorem taxes attach as an enforceable lien on property as of January 1 of the following year.

At December 31, 2012, there were no individual taxpayers whose assessed tax was greater than 5% of the total taxes assessed.

LIVINGSTON PARISH ASSESSOR

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

Total taxes assessed and taxes receivable at December 31, 2012, are as follows:

	<u>General Operations 8.07 Mills</u>
<b><u>Revenues:</u></b>	
2012 Ad Valorem Tax Assessed	\$ 3,569,960
Add: Accumulated Taxes Paid in Protest Released by Tax Collector	78,848
Add: Recovery of Prior Taxes Written Off	10,529
Less: 2012 Estimated Uncollectible	<u>(115,950)</u>
	<u>\$ 3,543,387</u>
<b><u>Receivable:</u></b>	
2012 Property Tax Assessed	\$ 3,569,960
Less: Current Year Taxes Collected in 2012	<u>(41,142)</u>
Taxes Receivable - Current Year	3,528,818
Prior Years Tax Receivables at December 31, 2011	3,236,806
Add: Accumulated Taxes Paid in Protest Released by Tax Collector	78,848
Add: Recovery of Prior Taxes Written Off	10,529
Less: Prior Years Tax Collected in 2012	(3,142,964)
Less: Prior Year Receivable Written Off Against Allowance	<u>(104,371)</u>
Tax Receivable - Prior Years	<u>78,848</u>
Total Property Taxes Receivable at December 31, 2012	3,607,666
Less: Allowance for Uncollectible Accounts	<u>(141,153)</u>
Net Property Tax Receivable at December 31, 2012	<u>\$ 3,466,513</u>

**LIVINGSTON PARISH ASSESSOR**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

**(4) Changes in Capital Assets -**

<u>Governmental Activities</u>	Balance December 31, 2011	Additions	Deletions	Balance December 31, 2012
Buildings and Improvements	\$ 457,752	\$ -	\$ -	\$ 457,752
Vehicles	380,583	33,253	(189,001)	224,835
Machinery and Equipment	56,657	7,451	-	64,108
Computers	395,460	-	-	395,460
Totals	1,290,452	40,704	(189,001)	1,142,155
Less Accumulated Depreciation for:				
Buildings and Improvements	(45,644)	(19,925)	-	(65,569)
Vehicles	(240,377)	(45,406)	178,430	(107,353)
Machinery and Equipment	(46,329)	(3,273)	-	(49,602)
Computers	(122,778)	(69,945)	-	(192,723)
Total Accumulated Depreciation	(455,128)	(138,549)	178,430	(415,247)
Total Governmental Activities Capital Assets, Net	<u>\$ 835,324</u>	<u>\$ (97,845)</u>	<u>\$ (10,571)</u>	<u>\$ 726,908</u>

Depreciation expense of \$138,549 was charged to the General Operations function in the Statement of Activities.

**LIVINGSTON PARISH ASSESSOR**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2012

**(5) Long-Term Debt -**

The Livingston Parish Assessor has no long-term debt transactions for the year ended December 31, 2012.

**(6) Leases -**

The Assessor has no outstanding capital or operating leases at December 31, 2012.

**(7) Litigation -**

At December 31, 2012, the Assessor is the defendant in one pending lawsuit. It was filed in the 19th Judicial District Court. Based on the opinion of legal counsel on the possible outcome of this lawsuit, it is the opinion of management that the disposition of this matter will not have a material adverse effect on the financial position of the Assessor.

**(8) Compensated Absences -**

The Assessor provides various forms of compensated leave benefits to its employees. An employee can earn sick leave and vacation leave based upon the number of years of continuous employment and can earn compensatory time for any time worked over 40 hours in a week. The employees of the Assessor must use all of the vacation leave by year end or it is lost. However, sick leave and compensatory leave are carried forward to the next year if it is not used by year end. Vacation and compensatory leave are paid out upon termination of employment.

The following reflects the change in Compensated Absences at December 31, 2012.

Balance at December 31, 2011	\$ 24,869
Net Increase (Decrease)	<u>2,328</u>
Balance at December 31, 2012	<u>\$ 27,197</u>

At December 31, 2012, the balance of \$27,197 is reflected as Accrued Leave Payable on the Statement of Net Position and is not included on the Fund Financial Statement.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

#### **(9) Pension Plan and Retirement Commitments -**

##### **Plan Description**

Substantially all employees of the Livingston Parish Assessor are members of the Louisiana Assessors' Retirement System ("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 60 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 retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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; P. O. Box 1786; Shreveport, LA 71166-1786, or by calling (318) 425-4446.

##### **Funding Policy**

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the Livingston Parish Assessor is required to contribute at an actuarially determined rate of 13.5% for 2012. The Assessor may also elect to pay all or any portion of the contributions required by eligible members, although the portion paid by the Assessor must be the same proportion for all eligible employees. The Assessor elected to pay all eligible employees' contributions for the years ended December 31, 2012, 2011 and 2010. Contributions to the System also include one-fourth of 1% of the taxes shown to be collected by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Livingston Parish 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 Livingston Parish Assessor's contributions to the System for the years ending December 31, 2012, 2011 and 2010 were \$289,622 (normal employer portion of \$181,856 and employees portion of \$107,766), \$292,758 and \$278,680, respectively, equal to the required employee and employer contributions for each period.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

#### **(10) Other Post-Employment Benefits Plan**

##### **Plan Description**

The Livingston Parish Assessor contributes to a single-employer defined benefit healthcare plan ("Plan"). The Plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Livingston Parish Assessor's group health insurance plan, which covers both active and retired members. Eligible members are those employees who work at least 35 hours a week for the Livingston Parish Assessor, who have completed a waiting period of thirty consecutive days while employed, and who are eligible for the Livingston Parish Assessor's retirement plan. Eligible members are also retired employees who are at least 55 years of age (or have at least 30 years of service regardless of age); who have at least 12 years of service with the Livingston Parish Assessor; and who were covered under the Plan for a minimum of thirty consecutive days immediately preceding retirement. Benefit provisions are established by the Livingston Parish Assessor. The Plan does not issue a publicly available financial report.

##### **Funding Policy**

Until 2009, the Assessor recognized costs of providing post employment medical, dental and life benefits (the Assessor's portion of the retiree medical, dental and life benefit premiums) as an expense when the benefit premiums were due and thus financed the costs of post-employment-benefits on a pay-as-you-go basis. The Livingston Parish Assessor pays 100% of the medical, dental and life insurance premiums for eligible retired members and their surviving spouses. For the year ended December 31, 2012, the Livingston Parish Assessor contributed \$16,866 to the Plan.

Effective with the year beginning January 1, 2009, the Livingston Parish Assessor implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits (GASB 45). The Assessor establishes and amends the funding policy. The statement has been implemented prospectively. Using this method, the beginning OPEB liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

##### **Annual OPEB Cost and Net OPEB Obligation**

The Livingston Parish Assessor's annual Other Post Employment Benefit (OPEB) cost (expenses) is calculated based on the Annual Required Contribution (ARC) of the employer. The Livingston Parish Assessor's ARC is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed thirty years. A level percentage of payroll amortization method, closed period, was used. The total ARC for the fiscal year beginning January 1, 2011, is \$608,033 set forth below:

**LIVINGSTON PARISH ASSESSOR**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

Normal Cost	\$ 426,840
30-Year UAAL Amortization Amount	<u>181,193</u>
Annual Required Contribution (ARC)	<u>\$ 608,033</u>

The following table presents the Livingston Parish Assessor's OPEB Obligation for the year ended December 31, 2012:

Annual Required Contribution	\$ 608,033
Interest on Net OPEB Obligation	66,723
Adjustment to ARC	<u>(98,496)</u>
Current Annual OPEB Cost	576,260
Estimated Contributions Made	<u>(16,866)</u>
Estimated Increase in Net OPEB Obligation	559,394
Estimated Net OPEB Obligation – beginning of year	<u>1,666,471</u>
Estimated Net OPEB Obligation – end of year	<u>\$ 2,225,865</u>

The following table shows the Livingston Parish Assessors' annual post employment benefits (OPEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (OPEB) liability (assets):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
December 31, 2009	\$ 569,760	8.78%	\$ 519,722
December 31, 2010	\$ 590,549	2.47%	\$ 1,095,671
December 31, 2011 *	\$ 586,106	2.61%	\$ 1,666,471
December 31, 2012 *	\$ 576,260	2.93%	\$ 2,225,865

\* Based on January 1, 2011 Actuary Study

**Funded Status and Funding Progress**

During the year ended December 31, 2012, the Livingston Parish Assessor did not establish or contribute to a postemployment benefits plan trust. Since there is no trust, the Livingston Parish Assessor's entire Actuarial Accrued Liability of \$3,019,228 was unfunded.

**LIVINGSTON PARISH ASSESSOR**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2012

The funded status of the Plan, as determined by an actuary, as of January 1, 2011, was as follows:

Actuarial Accrued Liability (AAL)	\$ 3,019,228
Actuarial Value of Plan Assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 3,019,228
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.00%
Covered Payroll	<u>\$ 1,559,926</u>
UAAL as a percentage of covered payroll	<u>52%</u>

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

**Actuarial Cost Method**

In the January 1, 2011 Livingston Parish Assessor's actuarial valuation, the projected unit credit actuarial cost method was used. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover. The actuarial assumptions included a 4.0% investment rate of return. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The Livingston Parish Assessor's unfunded actuarial accrued liability is being amortized over 30 years using a level dollar basis. The remaining amortization period at December 31, 2012, was twenty-six years.

**LIVINGSTON PARISH ASSESSOR**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

DECEMBER 31, 2012

**Actuarial Value of Plan Assets**

There are no assets as the Assessor has not established a separate trust to hold the separate plan assets as of December 31, 2012. It is anticipated that in future valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate**

An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates for each age are below:

<u>Age</u>	<u>Percent Turnover</u>
46 -49	22%
50 - 54	44%
55 - 57	4%
58 - 62	18%
63 - 65	28%
66 +	100%

**Withdrawal Rate**

Sample rates of employee withdrawal (exclusive of withdrawal by death or retirement) are as follows:

<u>Age</u>	<u>Percent Turnover</u>
-1 - 0	12%
1 - 6	5%
7 - 8	4%
9 - 12	3%
13 - 14	2%
15 +	1%

**Method of Determining Value of Benefits**

The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The plan provides for post retirement healthcare premiums for the retiree and the spouse.

**LIVINGSTON PARISH ASSESSOR**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

**(11) On-Behalf Payments for Operating Expenses**

Certain operating expenditures of the Livingston Parish Assessor are provided by the Livingston Parish Council and are not included in the accompanying financial statements. For the period January 1, 2012 to December 31, 2012, the Parish Council provided utilities and insurance coverage of office space for the Livingston Parish Assessor.

**(12) Risk Management**

The Assessor is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters, and many other unforeseeable events. The Assessor purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Assessor's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year, and the amount of settlements has not exceeded the insurance coverage for the past three fiscal years.

**(13) Contract Commitment**

In 2011, The Assessor entered into two separate professional services contracts with Geographic Computer Technologies, LLC to develop and install a web-based user interface for the Assessor's Geographic Information System and related services. The schedule to compensate the consultant for the work is as follows:

	Contracted Amount	Expended to December 31, 2012	Remaining Commitment
Parcel Layer Work	\$ 765,000	\$ 283,450	\$ 481,550
Parcel Dimmension Work	435,000	179,490	255,510
Improvement Dimmensions	50,000	-	50,000
On Site Training	3,000	-	3,000
Web Site Design and Setup	6,000	6,000	-
One Year Web Hosting	6,000	6,000	-
Total	<u>\$ 1,265,000</u>	<u>\$ 474,940</u>	<u>\$ 790,060</u>

During 2012, the Assessor made a total of \$321,740 in payments and a total of \$474,940 since contract inception for a total of 38% of the total. This leaves \$790,060 remaining to be paid on the contractual commitment.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

#### **(14) Current Accounting Pronouncements -**

The Governmental Accounting Standards Board issued GASB Statement No. 65 "*Items Previously Reported as Assets and Liabilities.*" This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. This Statement will be required to be adopted by the Assessor for fiscal year ending December 31, 2013.

The Governmental Accounting Standards Board issued GASB Statement No. 66 - "Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62." The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. This Statement will be required to be adopted by the Assessor for fiscal year ending December 31, 2013.

## LIVINGSTON PARISH ASSESSOR

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2012

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 - "Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees - both active employees and inactive employees - are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the Assessor for fiscal year ending December 31, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending December 31, 2013. Management currently believes the implementation of GASB 65 and 66 will not have a material effect on the Clerk's financial statements.

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

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May 22, 2013

INDEPENDENT AUDITOR'S REPORT

Honorable Jeffrey G. Taylor, CLA  
Livingston Parish Assessor  
Livingston, Louisiana

We have audited, in accordance with the 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 (the General Fund) of the Livingston Parish Assessor (the Assessor) a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2012, which collectively comprise the Assessor's basic financial statements, and have issued our report thereon dated May 22, 2013.

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 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 is 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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Hannu J. Bourgeois, CPA*

**LIVINGSTON PARISH ASSESSOR**

**SCHEDULE OF FINDINGS AND RESPONSES**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**A. Internal Control Over Financial Reporting**

**None**

**B. Compliance and Other Matters**

**None**

**LIVINGSTON PARISH ASSESSOR**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**A. Internal Control Over Financial Reporting**

**2011-01 - Purchases including payment of Sales Taxes:**

**Criteria:**

As a political subdivision of the State of Louisiana and Livingston Parish, the Livingston Parish Assessor is exempt from paying sales taxes on purchases. The Assessor should make sure no sales taxes are charged on purchases.

**Condition:**

In the prior year audit, we noted various instances where the Assessor paid sales taxes for various purchases during the year and from various vendors. The total sales tax paid on the various invoices reviewed was \$1,754.

**Effect:**

The Assessor was not taking advantage of the sales tax exemption allowed by law and paying more than necessary for purchases.

**Recommendation:**

We recommended for the Assessor to adopt and implement a policy to make sure sales taxes are not paid on purchases. This includes a review of invoices prior to payment to make sure sales taxes are not being paid. We further recommended for the Assessor to contact the vendors paid the \$1,754 in sales taxes noted during our audit and seek reimbursement.

**Corrective Action Taken:**

During 2012, management followed a policy to ensure the office was not paying sales taxes on purchases. The Assessor received refunds for sales taxes paid in prior years and has continued to monitor invoices to ensure that sales taxes are not paid on future purchases. This matter is considered resolved from the prior year.

**B. Compliance and Other Matters**

**2011-02 - LSA RS 39:1307 Public Participation in Budget Adoption Process:**

**Criteria:**

The Assessor is required to follow the provisions of LSA RS 39:1307 requiring advertising and public participation in the budget adoption process.

**LIVINGSTON PARISH ASSESSOR**

**SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Condition:**

In the prior year, the Assessor amended the December 31, 2011 budget that was originally adopted on December 2, 2010. State law requires budgets to be amended when the actual revenues are less than budgeted revenues or actual expenditures are more than budgeted expenditures by more than a 5% variance. In addition, State law requires the budget to be advertised in the official journal and inform the public of the availability of the budget to allow for public comment. The Assessor did not advertise the budget in the official journal as required by State Law.

**Effect:**

The Assessor did not properly adopt the amended budget in compliance with State laws. In addition, the public was not informed of the details of the amended budget or given the opportunity to provide public input.

**Recommendation:**

We recommended for the Assessor to advertise budget amendments in the future as required by State Laws.

**Management Response:**

We will specifically include "amending the current year budget" in our advertisements for public hearing in the future.

**Corrective Action Taken:**

Management included "amending the current year budget" in our advertising for the public hearing and will continue to do so in the future to comply with Louisiana statutes. This matter is considered resolved from the prior year.