

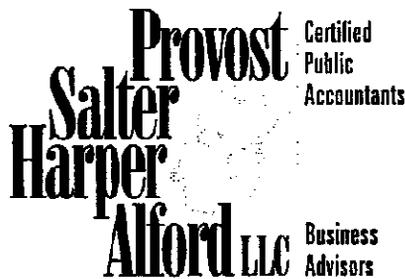
**EAST BATON ROUGE PARISH  
ASSESSOR'S OFFICE  
BATON ROUGE, LOUISIANA**

**FINANCIAL REPORT**

**December 31, 2005**

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 7-12-06



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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*December 31, 2005*

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## INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Honorable Brian Wilson, Assessor  
East Baton Rouge Parish Assessor's Office

We have audited the accompanying basic financial statements of the East Baton Rouge Parish Assessor's Office as of December 31, 2005, and for the year then ended as listed in the table of contents. These basic financial statements are the responsibility of the East Baton Rouge Parish Assessor's Office's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the East Baton Rouge Parish Assessor's Office as of December 31, 2005, and the results of operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2006 on our consideration of the East Baton Rouge Parish Assessor's Office's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of 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* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 3 through 11 and 33, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as "Other Required Supplementary Information" is not a required part of the basic financial statements but has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper & Alford, LLC

April 24, 2006

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Management's Discussion and Analysis*

*December 31, 2005*

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited)**

This section of the Assessor's annual report represents Management's analysis of the Assessor's financial performance during the year ended December 31, 2005. Please read it in conjunction with the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

The Assessor's net assets increased by \$53,110 or 1%.

The Assessor's revenues increased by \$310,101 or 9%.

The Assessor's expenditures increased by \$329,708 or 9%.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This Management Discussion and Analysis document introduces the Assessor's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

**Government-Wide Financial Statements**

The Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Assessor's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Assessor as a whole is improving or deteriorating. Evaluation of the overall health of the Assessor would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

The second government-wide statement is the Statement of Activities, which reports how the Assessor's net assets changed during the current calendar year. All current year revenues are recorded when collected and expenses are recorded regardless of when the Assessor receives or pays cash. An important purpose of the design of the statement of activities is to show the financial reliance of the Assessor's distinct activities or functions on revenues provided by the Assessor's taxpayers.

The government-wide financial statements are presented on pages 13 to 15 of this report.

**Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Assessor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

The Governmental fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Assessor's governmental fund. These statements report short-term calendar accountability focusing on the use of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16 to 20 of this report.

**Notes to the Basic Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

**FINANCIAL ANALYSIS OF THE ASSESSOR AS A WHOLE**

The Assessor's net assets at fiscal year-end are \$7,184,023. The following table provides a summary of the Assessor's net assets:

**Summary of Net Assets**

	<b>2005</b>	<b>2004</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<u>                    </u>	<u>                    </u>
<b>Assets:</b>		
Current assets	\$ 7,146,092	\$ 7,115,651
Capital assets, net of accumulated depreciation	<u>129,877</u>	<u>100,460</u>
<b>Total assets</b>	<b>7,275,969</b>	<b>7,216,111</b>
<b>Liabilities:</b>		
Current liabilities	<u>42,269</u>	<u>35,521</u>
<b>Net assets:</b>		
Investment in capital assets	129,877	100,460
Unrestricted	<u>7,103,823</u>	<u>7,080,130</u>
<b>Total Net assets</b>	<b><u>\$ 7,233,700</u></b>	<b><u>\$ 7,180,590</u></b>

The Assessor continues to maintain an extremely high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 169 to 1. This ratio is extremely strong.

The Assessor reported a positive balance in net assets for its governmental activities. Net assets increased from 2004 by \$53,110. Note that approximately 2% of the governmental activities' net assets are tied up in capital assets. The Assessor uses these capital assets to provide services to its citizens.

Remember, the following data is presented on the accrual basis of accounting which means that all costs are presented, however, the purchase of capital assets is not included but depreciation on the capital assets is included.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

The following table provides a summary of the Assessor's changes in net assets:

**Summary of Changes in Net Assets**

	<b>2005</b>	<b>2004</b>
	<b>Governmental</b>	<b>Governmental</b>
	<b>Activities</b>	<b>Activities</b>
	<u>                    </u>	<u>                    </u>
<b>Revenues:</b>		
Taxes	\$ 3,348,668	\$ 3,112,195
Charges for services	99,347	95,333
Interest	133,578	56,120
Other	2,186	10,030
	<u>                    </u>	<u>                    </u>
Total revenue	<u>3,583,779</u>	<u>3,273,678</u>
<b>Expenditures:</b>		
Personnel services	3,169,904	2,852,443
Other services and charges	277,959	283,502
Supplies	82,806	65,016
	<u>                    </u>	<u>                    </u>
Total expenditures	<u>3,530,669</u>	<u>3,200,961</u>
Change in net assets	53,110	72,717
Beginning net assets	<u>7,180,590</u>	<u>7,107,873</u>
Ending net assets	<u><u>\$ 7,233,700</u></u>	<u><u>\$ 7,180,590</u></u>

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

**GOVERNMENTAL REVENUE**

The Assessor is heavily reliant on property taxes to support its operations. Property taxes provided 93% of the Assessor's total revenues. Because of the Assessor's healthy financial position, we have been able to earn \$133,578 in interest earnings to support our activities, in spite of the low interest rates available for investment. Also, note that charges for services cover only 3% of governmental operating expenses. This means that the Assessor's taxpayers and the Assessor's other general revenues fund 96% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue streams.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

Since Assessor's operations are staff oriented, 86% of the budget is used for employee salaries and benefits. Operating services and materials and supplies make up 8% and 2% of the total expenses respectively.

**FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND**

The General Fund is the Assessor's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

The total ending general fund's fund balance is \$3,830,429, a decrease of \$206,234 over the prior year. This increase is primarily the result of the events and programs described within the analysis of the Assessor's activities described above. Other key factors contributing to this change were revenues modestly in excess of projections and continued efforts to control operating costs. The total amount is unreserved indicating availability for continuing Assessor service requirements.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

**FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND, CONTINUED**

Ad valorem taxes were \$3,112,195 or 2% more than 2004 primarily because of new property added to the Parish taxable property.

Salaries and benefits were above 2004, an increase of 10%. The cost of group insurance increased 23% but Assessor's pension contribution increased 11% as the Assessors' Retirement Fund elected in 2005 to increase the employer share of contributions. Operating services expenditures were comparable to 2004. Capital outlay increased 21% as the Assessor upgraded computer equipment and added an additional location.

The General Fund's ending fund balance is considered very adequate, representing the equivalent of 108% of annual expenditures. Though some might consider this percentage high, it is necessary for the Assessor to maintain a strong financial position in order to cover its cash flow needs and any unforeseen costs that might occur in the future. Note that the Assessor is financing its operations on a "pay-as-you-go" system, which means currently there is no outstanding long-term debt (e.g. bonded debt) for capital purposes. In other words, all capital items are free and clear of debt.

**BUDGETARY HIGHLIGHTS**

The General Fund – Both the General Fund's original budget and 2005 actual expenditures were more than the actual amounts reported in calendar year 2004. As indicated above, the majority of this increase relates to the addition of new employees.

At year-end, the Assessor realized just over 105% of the final revenue budget.

**EAST BATON ROUGE PARISH ASSESSOR**  
**Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

**CAPTIAL ASSETS AND DEBT ADMINISTRATION**

	2005 Governmental Activities	2004 Governmental Activities
Depreciable assets:		
Vehicles, furniture and equipment	\$ 463,200	\$ 382,506
Less accumulated depreciation	333,323	282,046
Book value-depreciable assets	\$ 129,877	\$ 100,460

Capital Assets

The Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2005 was \$129,877. The total increase in this net investment was 29%. In 2005, depreciation expense exceeded capital asset replacement by \$29,418. This difference could be reviewed negatively; however, this type of information needs to be reviewed as a trend over multiple years to be more meaningful. As noted above, the Assessor did provide additional and replacement equipment in 2005 which added to this year's increase in book value. See Note 5 for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

**Capital Assets**

At December 31, 2005 the depreciable capital assets for governmental activities were 72% depreciated. This results in a 29% increase in the book value of the capital assets. As indicated above, these percentages indicate that in the current year, the Assessor did not replace its assets at the same rate as they were depreciating. The total percentage of depreciated capital assets is quite high, (i.e., approximately four-fifths of the value of these assets is used) which means that additional resources will be required to replace these capital assets in the future.

Long term Debt

At year-end, the Assessor had no long term debt outstanding. The Assessor may issue general obligation debt to meet its capital needs but has elected to fund these needs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

Operating Lease

The Assessor entered into a 12 month operating lease related to the new satellite office opened in 2005.

**EAST BATON ROUGE PARISH ASSESSOR  
Baton Rouge, Louisiana**

**Management's Discussion and Analysis (Unaudited), Continued**

**CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Assessor's finances, comply with finance-related laws and regulations, and demonstrate the Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact East Baton Rouge Parish Assessor, 222 St. Louis Street, Room 126, Baton Rouge, LA 70802

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Basic Financial Statements*

*December 31, 2005*

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Government-Wide Financial Statements*

*December 31, 2005*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Statement of Net Assets*

December 31, 2005

**ASSETS**

Cash and cash equivalents	\$ 3,622,523
Investments	200,000
Ad valorem taxes receivable	3,311,733
Prepaid and other	11,836
Capital assets, net of accumulated depreciation	<u>129,877</u>
<b>Total Assets</b>	<b><u>7,275,969</u></b>

**Liabilities**

Accounts payable	3,930
Compensated absences	<u>38,339</u>
<b>Total Liabilities</b>	<b><u>42,269</u></b>

**Net Assets**

Investment in capital assets	129,877
Net assets unreserved, undesignated	<u>7,103,823</u>
<b>Total Net Assets</b>	<b><u>\$ 7,233,700</u></b>

*Exhibit B*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Statement of Activities*

*Year Ended December 31, 2005*

	Expenses	Program Revenues Charges for Services	Net (Expenses) Revenues and Changes in Net Assets Governmental Activities
<b>Governmental Activities</b>			
General Government	\$ 3,530,669	\$ 99,347	\$ (3,431,322)
General revenues			
Taxes:			
Ad valorem taxes, levied for general purposes			3,348,668
Interest and investment earnings			133,578
Miscellaneous			2,186
Total general revenues			<u>3,484,432</u>
Change in net assets			53,110
Net Assets as restated - January 1, 2005			<u>7,180,590</u>
Net Assets - December 31, 2005			<u>\$ 7,233,700</u>

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Fund Financial Statements*

*December 31, 2005*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Balance Sheet-Governmental Fund*

*December 31, 2005*

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 3,622,523
Investments	200,000
Prepaid and other	<u>11,836</u>
<b>Total Assets</b>	<b><u>\$ 3,834,359</u></b>

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts payable	<u>\$ 3,930</u>
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**Fund Balance**

Unreserved, undesignated	<u>3,830,429</u>
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<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 3,834,359</u></b>
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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Reconciliation of the Governmental Fund Balance  
Sheet to the Statement of Net Assets*

*December 31, 2005*

Total fund balance for the governmental fund at December 31, 2005	\$ 3,830,429
Total net assets reported for governmental activities in the statement of net assets is different because:	
Government-Wide Financial Statements reflect the economic resources measurement focus and the accrual basis of accounting, therefore, an accrual for ad valorem taxes is recorded	
	3,311,733
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Vehicles, furniture and equipment, net of \$ 333,323 accumulated depreciation	129,877
Liability for compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds	<u>(38,339)</u>
Total net assets of governmental activities at December 31, 2005	<u>\$ 7,233,700</u>

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Governmental Fund*

*Year Ended December 31, 2005*

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Governmental Fund*

<b>Revenues</b>	
Ad valorem taxes	\$ 3,112,195
Charges for services	99,347
Interest and investment earnings	133,578
Miscellaneous	2,186
<b>Total Revenues</b>	<b>3,347,306</b>
 <b>Expenditures</b>	
Current	
General government	
Personnel services	3,112,081
Other services and charges	277,959
Supplies	50,107
Capital outlay	113,393
<b>Total Expenditures</b>	<b>3,553,540</b>
<b>Excess of Expenditures Over Revenues</b>	<b>(206,234)</b>
 <b>Fund Balances</b>	
Beginning	4,036,663
Ending	<b>\$ 3,830,429</b>

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities* *Year Ended December 31, 2005*

Total net changes in fund balance at December 31, 2005	
per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (206,234)
The change in net assets reported for the governmental activities in the statement of activities is different because:	
Add: Difference in ad valorem tax revenue recorded on the Fund Financial Statements and the Government-Wide Financial Statements	236,473
Add: Capital outlay costs which are considered as expenditures on Statement of Revenues, Expenditures and Changes in Fund Balance assets consist of	113,393
Less: Capital outlay cost which do not meet the capitalization policy	(32,699)
Less: Depreciation expense for the year ended December 31, 2005	(51,277)
Less: Change in compensated absences	<u>(6,546)</u>
Total net changes in net assets of governmental activities at December 31, 2005	<u>\$ 53,110</u>

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# **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements*

*December 31, 2005*

## **1. Summary of Significant Accounting Policies**

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Assessor is elected by the voters of the parish and serves a four year term. The Assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The Assessor is authorized to appoint as many deputies as may be necessary for 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 main office is located in the East Baton Rouge Parish Courthouse in Baton Rouge, Louisiana. In 2005, the Assessor opened an additional branch office for the convenience of the residents of the parish. The Assessor's Office employs 62 employees. 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 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, 2005, there are 201,152 real property assessments totaling \$3,012,031,780. This represents an increase of 2,332 assessments and an increase of \$126,996,120 in assessed value over the prior year.

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

The accompanying basic financial statements of the East Baton Rouge Parish Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

### **B. Reporting Entity**

As the governing authority of the parish, for reporting purposes, the East Baton Rouge Parish Council is the financial reporting entity for the East Baton Rouge Parish. The financial reporting entity consists of (a) the primary government (the parish council), (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.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2005*

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the East Baton Rouge 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 council to impose its will on that organization and/or,
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the council.
2. Organizations for which the council does not appoint a voting majority but are fiscally dependent on the council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

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

### **C. Fund Accounting**

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

Governmental funds account for all or most 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.

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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*Notes to Financial Statements, Continued*

*December 31, 2005*

In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Assessor. The governmental fund type used by the Assessor is described as follows:

**General Fund.** The General Fund, (known as the Assessor's Salary and Expense Fund) as provided by Louisiana Revised Statute 47:1906, is the principal fund of the Assessor and accounts for the operation of the Assessor's office. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908, is accounted for in this fund. General operating expenditures are paid from this fund.

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

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

The Statement of Net Assets (page 14) and Statement of Activities (page 15) display information about the Assessor's office as a whole. These statements include all the financial activities of the Assessor's office. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting.

**Program Revenues.** Program revenues included in the Statement of Activities (page 15) are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Assessor's office general revenues.

#### **Fund Financial Statements (FFS)**

The amounts reflected in the Governmental Fund Statements (pages 17 and 18) 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 balances 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 office operations.

The amounts reflected in the Governmental Fund Statements (pages 17 and 18) 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. Expenditures are recorded when the related fund liability is incurred and 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:

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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*Notes to Financial Statements, Continued*

*December 31, 2005*

**Revenues.** Tax revenue is recognized in the budgetary period for which the taxes are collected. Revenues are received from the Sheriff and Tax Collector of East Baton Rouge Parish in varying periodic payments as the ad valorem taxes are collected. Ad valorem taxes are assessed on December 1, for the calendar year, become due on December 31, and are considered past due and subject to penalties if not paid by January 31, of the following year. Interest revenue is recognized when earned.

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

### **E. Budgets**

Annually, the Assessor's Office adopts a budget for the General Fund on the cash basis, therefore, adjustments were made on Exhibit G to include prior year accruals and remove current year accruals from the actual amounts for comparison purposes to the budgeted amounts. The budgetary practices include public notice, inspection and hearing requirements, which must be completed prior to December 15 of each year. Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts are as originally adopted. The Assessor has administrative authority to make changes or amendments within various budget classifications. No amendments have been made to the original budget.

### **F. Cash and Investments**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and include certificates of deposit and Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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Notes to Financial Statements, Continued

December 31, 2005

### G. Prepaid and Other

Prepays are payments to vendors that benefit future reporting periods reported on the consumption basis. At December 31, 2005, the Assessor had prepaid assets of \$10,854.

Other represents accrued interest receivable on certificates of deposit. At December 31, 2005, the Assessor had accrued interest receivable of \$982.

Both prepaid and other are similarly reported in government-wide and fund financial statements.

### H. Capital Assets

Capital assets are capitalized at historical cost. The Assessor maintains a threshold level of \$5,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Vehicles	5
Furniture and equipment	5

### I. Compensated Absences

Employees of the Assessor's Office earn from five to twenty days of paid vacation leave per year, depending on length of service, and twelve days of paid sick leave. They are allowed to accrue up to twelve vacation days. These days are recorded in the fund financial statements. In accordance with FASB Statement No. 16, vested or accumulated vacation leave is accrued and recorded as earned. In accordance with the provision of Statement of Financial Accounting Standards No. 43, *Accounting For Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive vacation or sick pay benefits.

At December 31, 2005, employees of the Assessor's Office have accumulated and vested \$38,339 of accrued vacation benefits, which was computed in accordance with GASB Codification Section C60. The amount is recorded within the fund financial statements.

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2005*

### **J. Risk Management**

The Assessor's Office is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Assessor's Office purchases commercial insurance policies at levels which management believes is adequate to protect the Assessor's Office. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

### **K. Deferred Compensation Plan**

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

Participants may contribute a portion of their salary with the Assessor's Office matching up to 4% per month, but total contributions may not exceed the amount determined under IRS regulations. All contributions are immediately vested. The Assessor's Office contributed \$56,006 to the plan during the year ended December 31, 2005.

## **2. Levied Taxes**

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

	<b>Authorized Millage</b>	<b>Levied Millage</b>
Assessor's Salary and Expense Fund	1.48	1.38

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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Notes to Financial Statements, Continued

December 31, 2005

The following are the principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Exxon-Mobil	Oil and chemical refining	\$ 214,445,420	7.12%
Entergy Gulf States, Inc.	Utility	61,938,930	2.06%
Bellsouth Communications	Telephone company	48,770,300	1.62%
Georgia Pacific Corporation	Pulp processing	47,095,160	1.56%
Bank One	Commercial banking	32,622,500	1.08%
Hibernia National Bank	Commercial banking	29,182,450	0.97%

### 3. Cash and Cash Equivalents

At December 31, 2005, the Assessor has cash and cash equivalents (book balances) consists of the following:

Demand deposit	\$ 1,708,082
Time deposits	1,199,000
Repurchase agreements	715,967
Louisiana Asset Management Pool (LAMP)	199,474
	<u>\$ 3,822,523</u>

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

At December 31, 2005, the Assessor has \$3,685,146 in deposits (collected bank balances). These deposits are secured from risk by \$720,810 of federal deposit insurance and \$2,964,336 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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## **EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Notes to Financial Statements, Continued*

*December 31, 2005*

Even though the pledged securities are considered uncollateralized (Category 3), R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Assessor that the fiscal agent has failed to pay deposited funds upon demand.

Investments held at the Assessor consist of \$199,474 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP at the Assessor is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities that have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchased agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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Notes to Financial Statements, Continued

December 31, 2005

### 4. Investments

The Assessor's investments are categorized into three categories of credit risk:

- Category 1.* Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2.* Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3.* Collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name.

At fiscal year-end the assessor's investment balances were as follows:

	Book Balance	Categories		
		1	2	3
Certificates of Deposit	\$ 200,000	\$ -	\$ -	\$ 200,000

### 5. Changes in Capital Assets

A summary of changes in equipment follows.

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Vehicles	\$ 130,936	\$ 35,563	\$ -	\$ 166,499
Furniture and equipment	251,570	45,131	-	296,701
	382,506	80,694	-	463,200
Less accumulated depreciation	282,046	51,277	-	333,323
	\$ 100,460	\$ 29,417	\$ -	\$ 129,877

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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*Notes to Financial Statements, Continued*

*December 31, 2005*

### 6. Retirement Commitments

#### Louisiana Assessors' Retirement Fund

Plan Description and Provisions. Substantially, all employees of the East Baton Rouge Parish Assessor's Office 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 not drawing earned 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 who retire with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to  $3\frac{1}{3}$  % of their final average salary for each year of credited service, not to exceed 100% of their final average. 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 who 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 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, Post Office Box 14699, Baton Rouge, Louisiana 70898-1699, or by calling (225) 928-8886.

Description of Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the East Baton Rouge Parish Assessor is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (one percent for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the East Baton Rouge 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 East Baton Rouge Parish Assessor's contributions to the System for the years ending December 31, 2005, 2004 and 2003 were \$312,981, \$279,797 and \$244,151 respectively, equal to the required contributions for each year.

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## EAST BATON ROUGE PARISH ASSESSOR'S OFFICE

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*Notes to Financial Statements, Continued*

*December 31, 2005*

### 7. Post Retirement Commitments

The Assessor's Office provides certain health care and life insurance benefits for retired employees. Substantially all of the Assessor's office employees may become eligible for those benefits if they reach normal retirement age while working for the Office. The cost of the retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid. For 2005, those costs totaled \$137,055. The number of retirees currently receiving benefits is 24.

### 8. Operating Lease

In June of 2005, the Assessor entered into a one year operating lease related to their new satellite office. The lease calls for monthly payments of \$1,790. For year end 2005, rentals were \$12,530 for this lease.

### 9. Correction of an Error

During the year ended December 31, 2005, the Assessor discovered an error in previously reported ad valorem tax revenue on the government-wide financial statements. The government-wide financial statements reflect the economic resources measurement focus and the accrual basis of accounting. The Assessor historically has recognized ad valorem tax revenue in the budgetary period for which the taxes are collected on both the government-wide and fund financial statements. The correction had no effect on the fund financial statements. The beginning net asset of the government-wide financial statements has been restated to correct the error. For the year ended December 31, 2004, the net assets were increased \$3,075,260 and for the year ended December 31, 2005 the ad valorem taxes receivable and general revenues were recorded for 2005 as a result of this correction.

Net assets as previously reported, January 1, 2005	\$ 4,105,330
Adjustment as described above	<u>3,075,260</u>
Net assets as restated, January 1, 2005	<u>\$ 7,180,590</u>

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Other Required Supplementary Information*

*December 31, 2005*

**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

General Fund

Year Ended December 31, 2005

Statement of Revenue, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Actual and Basis)

	Actual Basis	Adjustment to Budget Basis	Budget Basis	Budget		Variance - Favorable (Unfavorable)
				Original	Final	
<b>Revenues</b>						
Ad valorem taxes	\$ 3,112,195	\$ -	\$ 3,112,195	\$ 3,100,000	\$ 3,100,000	\$ 12,195
Charges for services	99,347	-	99,347	95,000	95,000	4,347
Interest and investment earnings	133,578	(982)	132,596	-	-	132,596
Miscellaneous	2,186	-	2,186	-	-	2,186
<b>Total Revenues</b>	<b>3,347,306</b>	<b>(982)</b>	<b>3,346,324</b>	<b>3,195,000</b>	<b>3,195,000</b>	<b>151,324</b>
<b>Expenditures</b>						
Current						
General government						
Personnel services	3,112,081	-	3,112,081	3,177,669	3,177,669	65,588
Other services and charges	277,959	-	277,959	447,000	447,000	169,041
Supplies	50,107	-	50,107	130,000	130,000	79,893
Capital outlay	113,393	-	113,393	38,000	38,000	(75,393)
<b>Total Expenditures</b>	<b>3,553,540</b>	<b>-</b>	<b>3,553,540</b>	<b>3,792,669</b>	<b>3,792,669</b>	<b>239,129</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(206,234)</b>	<b>(982)</b>	<b>(207,216)</b>	<b>(597,669)</b>	<b>(597,669)</b>	<b>390,453</b>
<b>Fund Balances</b>						
Beginning	4,105,330	1,857	4,107,187	2,812,754	2,812,754	-
Ending	\$ 3,899,096	\$ 875	\$ 3,899,971	\$ 2,215,085	\$ 2,215,085	\$ 390,453

Explanation of differences

(1) Accrued interest on certificates of deposit

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**EAST BATON ROUGE PARISH ASSESSOR'S OFFICE**

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*Compliance and Internal Control*

*December 31, 2005*

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

Honorable Brian Wilson, Assessor  
East Baton Rouge Parish Assessor's Office

We have audited the basic financial statements of the East Baton Rouge Parish Assessor's Office as of and for the year ended December 31, 2005, and have issued our report thereon dated April 28, 2005. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the East Baton Rouge Parish Assessor's Office's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Assessor's Office's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Assessor, management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper & Alford, LLC

April 24, 2006