

**CADDO PARISH TAX ASSESSOR**

**SHREVEPORT, LOUISIANA**

**DECEMBER 31, 2017**

CADDO PARISH TAX ASSESSOR

SHREVEPORT, LOUISIANA

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CADDO PARISH TAX ASSESSOR

SHREVEPORT, LOUISIANA

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CADDO PARISH TAX ASSESSOR**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents readers of the financial statements of the Caddo Parish Tax Assessor's Office with a narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2017. It is intended to serve as an introduction to the basic financial statements of the Caddo Parish Tax Assessor, which statements consist of government-wide financial statements, fund financial statements, notes thereto, and other financial information.

### ***Financial Highlights***

The financial statements of the Assessor present the financial transactions of the Assessor's office. The Assessor assesses all real and movable property in the parish subject to ad valorem taxation. 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.

Total assets and deferred outflows increased by \$270,487 or 4%. This is due to the Assessor's office having increased their net position, which resulted in an increase in cash. Total liabilities and deferred inflows decreased by \$71,835. This was due to changes in the net pension liability, deferred inflows of resources and in the OPEB obligation for 2017.

Revenues for the current year fell below prior year's revenues by \$259,556, which is due to a decrease in assessment revenue and non-employer pension contributions. Expenditures increased by \$48,375 from the prior year. This is due mainly to an increase in employee insurance.

Capital assets had an increase of \$36,203, which is additional assets purchased during the year, and decreases in the amount of \$41,155. This was due to fixed assets with a net book value of \$-0- being transferred to the Caddo Parish Commission for auction and depreciation expense of \$41,155.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 7 and 8) provide information about the activities of the Assessor as a whole. Fund financial statements start on Page 9. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Assessor's operations in more detail than the government-wide statements by providing information about the Assessor's most significant funds. The Assessor is a component unit of the Caddo Parish Commission. The accompanying financial statements present information only on the funds maintained by the Assessor.

### ***Reporting the Funds Maintained by the Assessor as a Whole***

#### ***The Statement of Net Assets and the Statement of Activities***

Our analysis of the funds maintained by the Assessor as a whole begins on Page 7. The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Assessor as a whole and about its activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Assessor's *net position* and changes in it. The Assessor's net position – the difference between assets and deferred outflows, and liabilities and deferred inflows – is one way to measure the Assessor's financial health, or *financial position*. Over time, *increases or decreases* in the Assessor's net position is one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the funds maintained by the Assessor as governmental activities.

**THE FUNDS MAINTAINED BY THE ASSESSOR AS A WHOLE**

A comparative analysis of the funds maintained by the Assessor is presented below.

**Table 1  
Net Position**

	Government-Wide Activities <u>2017</u>	Government-Wide Activities <u>2016</u>
Cash and cash equivalents	2,036,748	1,359,092
Investments	3,955,468	4,196,754
Accrued interest receivable	328	328
Accounts receivable	48,725	47,525
Capital assets, net of accumulated depreciation	82,632	87,584
Deferred outflow of resources	<u>613,967</u>	<u>776,098</u>
Total assets and deferred outflows of resources	6,737,868	6,467,381
Total liabilities	6,949,617	7,346,289
Deferred inflows of resources	<u>647,354</u>	<u>322,517</u>
Total liabilities and deferred inflows of resources	7,596,971	7,668,806
Net position:		
Invested in capital assets	82,632	87,584
Unrestricted (deficit)	<u>(941,735)</u>	<u>(1,289,009)</u>
Total net position (deficit)	<u>(859,103)</u>	<u>(1,201,425)</u>

Net position of the funds maintained by the Assessor increased by \$342,322 or 28%.

**Table 2  
Change in Net Position**

	Government-Wide Activities <u>2017</u>	Government-Wide Activities <u>2016</u>
Revenues		
Caddo Assessment District	3,998,490	4,098,227
State revenue sharing	102,288	95,050
Other	<u>713,895</u>	<u>880,952</u>
Total revenues	4,814,673	5,074,229
Expenses		
General governmental	<u>4,472,351</u>	<u>4,423,976</u>
Increase in net position	342,322	650,253
Beginning net position (deficit)	<u>(1,201,425)</u>	<u>(1,851,678)</u>
Ending net position (deficit)	<u>(859,103)</u>	<u>(1,201,425)</u>

For the funds maintained by the Assessor, total revenues decreased \$259,556 in 2017, from total revenues in 2016 of \$5,074,229. The decrease was primarily the result of non-employer pension contributions recorded in conjunction with the implementation of GASB 68, as well as a decline in assessment revenue.

**CAPITAL ASSETS**

The Assessor has adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation. At the end of 2017, the Assessor had invested \$1,173,637 in capital assets with a net book value of \$82,632. At the end of 2016, the Assessor had invested \$1,143,779 in capital assets with a net book value of \$87,584.

**Table 3  
Capital Assets At Year End**

	Government-Wide Activities <u>2017</u>	Government-Wide Activities <u>2016</u>
Furniture, office equipment and GIS equipment	252,065	249,338
Computer equipment	<u>921,572</u>	<u>894,441</u>
	1,173,637	1,143,779
<u>Less-accumulated depreciation</u>	<u>(1,091,005)</u>	<u>1,056,195</u>
Capital assets, net	<u><u>82,632</u></u>	<u><u>87,584</u></u>
 Major additions included:		
Computer equipment	27,131	12,186
Furniture, office equipment and GIS equipment	<u>9,072</u>	<u>3,902</u>
Total	<u><u>36,203</u></u>	<u><u>16,088</u></u>

***Expectations for Future Operations***

The Assessor expects that the financial status will continue to be favorable in the future.

The Assessor will continue to replace computer equipment as necessary.

***Requests for Information***

This financial report is designed to provide a general overview of the Caddo Parish Tax Assessor's finances for all those with an interest in the Assessor's financial operations. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Caddo Parish Tax Assessor, 501 Texas Street, Room 102, Shreveport, Louisiana, 71101.

**AUDITED FINANCIAL STATEMENTS**



# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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May 18, 2018

Mr. Charles R. Henington, Jr.  
Caddo Parish Tax Assessor  
Shreveport, Louisiana

## Independent Auditor's Report

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Caddo Parish Tax Assessor as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Caddo Parish Tax Assessor's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Caddo Parish Tax Assessor as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on Pages 1 through 3, and the schedules on Pages 28 through 32 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caddo Parish Tax Assessor's basic financial statements. The accompanying other financial information consisting of the schedule of compensation, reimbursements, benefits and other payments to agency head on Page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation, reimbursements, benefits, and other payments to agency head on Page 33 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, reimbursements, benefits, and other payments to agency head on Page 33 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2018 on our consideration of the Caddo Parish Tax 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion

on the effectiveness of 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 Caddo Parish Tax Assessor's internal control over financial reporting and compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

CADDO PARISH TAX ASSESSOR

STATEMENT OF NET POSITION

DECEMBER 31, 2017

<u>A S S E T S</u>	<u>Governmental Activities</u>
Cash and cash equivalents	2,036,748
Investments, at cost	3,955,468
Accrued interest receivable	328
Accounts receivable	48,725
Furniture, office equipment and GIS equipment, net of accumulated depreciation	20,196
Computer equipment, net of accumulated depreciation	<u>62,436</u>
Total assets	6,123,901
Deferred outflows of resources	<u>613,967</u>
Total assets and deferred outflows	<u><u>6,737,868</u></u>
 <u>LIABILITIES AND NET POSITION</u>	
<u>Liabilities:</u>	
Accounts payable and accrued expenses	17
Long-term liabilities-net OPEB obligation	6,201,584
Long-term liabilities-net pension liability	<u>748,016</u>
Total liabilities	6,949,617
Deferred inflows of resources	<u>647,354</u>
Total liabilities and deferred inflows of resources	7,596,971
 <u>Net position:</u>	
Investment in capital assets	82,632
Unrestricted (deficit)	<u>(941,735)</u>
Total net position (deficit)	<u>(859,103)</u>
Total liabilities, deferred inflows of resources and net position	<u><u>6,737,868</u></u>

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

CADDO PARISH TAX ASSESSOR  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>Expenses:</u>	
Insurance	774,559
General office expense	100,710
Professional fees	177,918
Equipment maintenance	170,481
Postage	32,137
Education and travel	55,278
Automobile	76,930
Office forms	16,900
Office supplies	20,286
Salaries and benefits	2,159,283
Retirement fund expense, net of pension liability adjustments	530,420
Depreciation	41,155
OPEB obligation	<u>316,294</u>
Total expenses	4,472,351
<u>Program revenue:</u>	
Charges for services	<u>119,276</u>
Net (expense)	(4,353,075)
<u>General revenue:</u>	
Caddo Assessment District	3,998,490
State revenue sharing	102,288
Interest income	30,498
Miscellaneous income	25
Non-employer pension contributions	<u>564,096</u>
	<u>4,695,397</u>
<u>Change in net position</u>	342,322
<u>Net position (deficit)-beginning of year</u>	<u>(1,201,425)</u>
<u>Net position (deficit)-end of year</u>	<u><u>(859,103)</u></u>

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

CADDO PARISH TAX ASSESSOR  
BALANCE SHEET-ALL FUND TYPES  
DECEMBER 31, 2017

<u>A S S E T S</u>	<u>Governmental Fund Type</u> <u>Salary and Expense Fund</u>
Cash and cash equivalents	2,036,748
Investments, at cost	3,955,468
Accrued interest receivable	328
Accounts receivable	<u>48,725</u>
 Total assets	 <u>6,041,269</u>
<u>LIABILITIES AND FUND EQUITY</u>	
<u>Liabilities:</u>	
Accounts payable and accrued expenses	<u>17</u>
Total liabilities	17
 <u>Fund balance-unassigned</u>	 <u>6,041,252</u>
 Total liabilities and fund equity	 <u>6,041,269</u>

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

CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION

DECEMBER 31, 2017

Total fund balance for the governmental fund	6,041,252
Cost of capital assets, less accumulated depreciation	82,632
Retirement payments are reported as expenditures in the governmental funds. In the government-wide statements the payments represent net deferred inflow of resources	(33,387)
Long-term liabilities-net OPEB obligation	(6,201,584)
Long-term liabilities-net pension obligation	<u>(748,016)</u>
Total net position (deficit) of the governmental activities	<u><u>(859,103)</u></u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Governmental Fund Type</u> <u>Salary and Expense Fund</u>
<u>Revenues:</u>	
Caddo Assessment District	3,998,490
State revenue sharing	102,288
Charges for services	119,276
Interest income	30,498
Miscellaneous	<u>25</u>
Total revenues	4,250,577
<u>Expenditures:</u>	
Insurance	774,559
General office expense	100,710
Professional fees	177,918
Equipment maintenance and purchases	206,684
Postage	32,137
Education and travel	55,278
Automobile	76,930
Office forms	16,900
Office supplies	20,286
Salaries-assessor	168,310
Salaries-deputies	1,888,301
Salaries-other	102,672
Retirement fund expense	<u>192,276</u>
Total expenditures	<u>3,812,961</u>
<u>Excess of revenues over expenditures</u>	437,616
<u>Beginning fund balance</u>	<u>5,603,636</u>
<u>Ending fund balance</u>	<u>6,041,252</u>

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



CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balance-governmental fund	437,616
OPEB obligation expense	(316,294)
Retirement expenditures paid	(338,144)
Non-employer pension retirement contributions	564,096
Equipment purchases	36,203
Depreciation expense	<u>(41,155)</u>
Change in net position of governmental activities	<u><u>342,322</u></u>

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

CADDO PARISH TAX ASSESSOR  
STATEMENT OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2017

<u>A S S E T S</u>	
Investment in deferred compensation-Note 10	<u>1,073,719</u>
<u>N E T A S S E T S</u>	
Net assets	<u>1,073,719</u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2017

Balance beginning of year		951,327
<u>Increases:</u>		
Contributions	48,635	
Gains on investments	102,699	
Transfers in	<u>13,336</u>	
		164,670
<u>Decreases:</u>		
Withdrawals	38,094	
Administrative fees	<u>4,184</u>	<u>42,278</u>
Balance end of year		<u>1,073,719</u>

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

CADDO PARISH TAX ASSESSOR

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

**Introduction**

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

The Assessor's office is located in the Caddo Parish Courthouse in Shreveport, Louisiana. The Assessor employs 65 employees, including 42 deputies. 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, 2017, there were 136,409 real property and movable property assessments totaling \$1,588,449,028 and \$509,945,760, respectively. This represents an increase of 83 assessments with an increase totaling \$5,638,674 in value over the prior year. The increase in the number of assessments is due to more accounts of movable property. The increase in value is due to an increase in public service assessments.

**1. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying financial statements of the Caddo Parish Tax Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999, and GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued in February 2009.

The financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Assessor's overall financial position and results of operations.
- Government-Wide Financial Statements
- Fund Financial Statements

## 1. Summary of Significant Accounting Policies (Continued)

### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (GWFS) (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position presents information on all of the Assessor's assets and liabilities as well as the deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Assessor is improving or deteriorating.

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. Depreciation expense is identified by function and is included in the direct expense of each function. Program revenues include 1) fees, fines, and charges to customers 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.

Separate fund financial statements (FFS) are provided for governmental funds. Major individual governmental funds are reported as separate columns in the FFS.

The Assessor had deferred outflows and inflows of resources at December 31, 2017 as a result of the Pension Plan it participates in and the implementation of GASB 68 in 2015. See Note 6 for more information.

### ***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.

### ***Governmental Funds***

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. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Assessor.

1. **Summary of Significant Accounting Policies** (Continued)

The 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 47:1907-08 is accounted for in this fund. General operating expenditures are paid from this fund.

***Fiduciary Funds***

Fiduciary funds account for resources that do not belong to the Assessor, but rather are subject to the claims of others.

The Pension Trust Fund, which is a fiduciary fund type, accounts for assets held which are for employees who defer a portion of their compensation. Fiduciary funds are custodial funds (assets equal liabilities and net assets); therefore, they do not involve measurement of operations. There are two deferred compensation plans available to the employees. One is administered by the Nationwide Retirement Solutions, and the other is administered by Security Benefit Group of Companies. All assets of the plan are reported at fair market value. Plan assets remain the property of the Assessor until paid or made available to participants.

***Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Salary and Expense Fund is 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 operating statement of the Salary and Expense Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the Salary and Expense Fund. The Salary and Expense Fund uses the following practices in recording revenues and expenditures:

***Revenues***

Revenues are recognized when they become measurable and available as net current assets. The period of time used to define when resources become available is one year.

***Expenditures***

Expenditures are recognized when the related fund liability is incurred.

***Budgets and Budgetary Accounting***

The Caddo Parish Tax Assessor follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Caddo Parish Tax Assessor prepares a proposed budget and holds a public hearing no later than fifteen days prior to the beginning of each fiscal year.
2. The budget is adopted at the public hearing.
3. All budgetary appropriations lapse at the end of each fiscal year.

1. **Summary of Significant Accounting Policies** (Continued)

***Cash and Cash Equivalents and Investments***

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

Under state law, the Assessor may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, except for investments in the deferred compensation fiduciary fund, which are reported at fair value.

***Capital Assets***

The Assessor has adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation.

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Assessor maintains a threshold level of \$300 or more for capitalizing capital assets.

The purchase or acquisition of capital assets is recorded in the Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Fund Balance. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	7 - 10 years
Computer and office equipment	5 - 7 years

***Vacation and Sick Leave***

The Assessor has a written formal policy relating to vacation and sick leave, based on length of service. The policy does not provide for the accumulation of vacation leave. The policy provides for accumulation of sick leave that may be used for major illnesses. It does not provide for compensation for this sick leave upon termination.

***Risk Management***

The Assessor is subject to normal business and liability risk, including risk of loss of assets. These risks are managed through the purchase of insurance policies.

2. **Levied Taxes**

The Caddo Assessment District levies a tax on the assessed valuation of all taxable property appearing on the previous year's tax roll. The millage to be assessed is determined and certified by the legislative auditor by dividing the net tax roll as of January 1 of the year of implementation into the salary and expense account and salary and personal expense allowance of the Assessor for the current year. The millage adopted remains in effect in subsequent years unless changed as provided by law.

2. Levied Taxes (Continued)

However, the total amount of ad valorem taxes received by the district is never less than that received by the district in the initial year. Taxes are due December 31.

Of the total taxes assessed by the Caddo Assessment District, \$4,002,995 were due to the Assessor for the year ended December 31, 2016. The taxes remitted to the Assessor in 2017 were primarily for the 2016 assessment year. For 2017, total taxes of \$4,002,626 were collected, of which \$3,852,247 relates to assessed taxes for the 2016 assessment year, \$150,379 relates to taxes assessed for other periods, and \$4,136 were refunded to taxpayers. Approximately 96% of the taxes assessed were collected for 2016 and the Assessor believes that the remaining 4%, \$150,748, will never be collected mainly as a result of bankruptcies and protested taxes.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Caddo Assessment District	2.29	2.29

The following are the principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
SWEPCO/AEP	Utility	100,665,820	4.81%
Chesapeake Operating, Inc.	Natural Gas	28,105,000	1.34%
Calumet Shreveport	Refinery	17,477,050	0.83%
Bell South	Utility	13,861,310	0.66%
UOP, LLC	Refinery	13,479,820	0.64%
Union Pacific Railroad Co.	Railroad	13,393,930	0.64%
Walmart	Retail	12,102,230	0.58%
Kansas City Railroad	Railroad	11,369,950	0.54%
BHB Billiton Petro (TXLA Operating) Co.	Natural Gas	11,391,910	0.54%
Gulf Coast Pipeline	Natural Gas	<u>10,804,400</u>	<u>0.52%</u>
		<u>232,651,420</u>	<u>11.10%</u>

3. Cash and Cash Equivalents

At December 31, 2017, the Assessor has cash and cash equivalents as follows:

	<u>Salary and Expense Fund</u>
Commercial interest checking accounts	<u>2,036,748</u>
Total cash and cash equivalents	<u>2,036,748</u>



**3. Cash and Cash Equivalents (Continued)**

These deposits are stated at cost, which approximates market. Under state law, these deposits 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 or exceed the amount on deposit with the fiscal agent. These accounts were held at one institution and secured by \$250,000 in federal deposit insurance. In addition, the market value of securities pledged on these accounts was \$2,038,309 as of December 31, 2017.

**4. Investments**

The investments of all funds consisted of certificates of deposit and the LAMP Fund and a schedule is presented below:

	<u>Rate of Interest</u>	<u>Salary and Expense Fund</u>
Home Federal Savings & Loan	0.15%	136,453
Home Federal Savings & Loan	0.15%	137,243
Home Federal Savings & Loan	0.15%	137,267
Home Federal Savings & Loan	0.40%	141,193
Home Federal Savings & Loan	0.40%	141,349
Home Federal Savings & Loan	0.25%	141,523
Home Federal Savings & Loan	0.25%	141,451
Home Federal Savings & Loan	0.25%	141,393
Home Federal Savings & Loan	0.15%	251,550
Home Federal Savings & Loan	0.15%	251,571
Home Federal Savings & Loan	0.15%	251,679
Home Federal Savings & Loan	0.15%	251,803
Red River Bank	0.10%	250,000
Red River Bank	0.10%	250,000
Red River Bank	0.10%	250,000
Red River Bank	0.10%	250,000
LAMP Investments		<u>830,993</u>
		<u>3,955,468</u>

The investments are in the name of the Assessor and are held at the financial institutions. The certificates of deposit are either fully insured or collateralized by securities held in the Assessor's name. The market value of securities pledged on these accounts was \$3,541,732 as of December 31, 2017.

The Louisiana Asset Management Pool, Inc. (LAMP) issues separate audited financial statements that can be obtained by accessing their website at [www.lamppool.com](http://www.lamppool.com) or by calling (504) 525-5267.

In accordance with GASB Codification Section I50.126, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

4. **Investments** (Continued)

LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with 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 repurchase 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 60 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. LAMP is rated AAAM by Standard & Poor's.

5. **Changes in Capital Assets**

A summary of changes in capital assets and accumulated depreciation for the year ended December 31, 2017 is as follows:

	<u>Furniture, Office Equipment and GIS Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Balance January 1, 2017	249,338	894,441	1,143,779
Additions	9,072	27,131	36,203
Deletions	<u>(6,345)</u>	<u>-</u>	<u>(6,345)</u>
Balance December 31, 2017	252,065	921,572	1,173,637
<u>Less-accumulated depreciation</u>	<u>(231,869)</u>	<u>(859,136)</u>	<u>(1,091,005)</u>
Capital assets, net	<u>20,196</u>	<u>62,436</u>	<u>82,632</u>

**6. Pension Plan**

Substantially all employees of the Caddo Parish Tax Assessor's office are members of the Louisiana Assessors Retirement Fund, a cost-sharing multiple-employer defined benefit pension plan that is controlled and administered by a separate board of trustees.

All full time employees are required to participate in the Fund. Employees hired before October 1, 2013, can retire at age 55 with 12 years of experience or 30 years of credited service and are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary.

For employees who were employed prior to October 1, 2006, final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. For employees hired on or after October 1, 2006, the final salary is the employee's average over 60 consecutive or joined months that produces the highest average.

For employees who were hired on or after October 1, 2013 the benefit is equal to 3 percent of their final average salary over the 60 consecutive or joined months that produce the highest average.

These employees may receive a retirement benefit of 3 1/3 percent if they retire with 30 years of service or more otherwise it is 3 percent. These employees must be 55 years old with 30 years or more of service or 60 years old with 12 years of service.

Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 or age 60 depending on when hired and receive the benefit accrued to their date of termination. The Fund also provides death and disability benefits. Benefits are established by state statute.

All retirement benefits may be reduced by taking any one of the retirement options that are provided for, such as joint benefit for surviving spouse or back drop options.

The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Louisiana Assessors' Retirement Fund, P. O. Box 14699, Baton Rouge, Louisiana 70898-4699, or on the Louisiana Legislative Auditor's website, [www.lla.la.gov](http://www.lla.la.gov).

Contributions to the Fund include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish including the homestead exemption plus revenue sharing funds appropriated by the legislature. State statute requires plan members to contribute 8% of their annual covered salaries to the Fund. 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. For 2017, the rate was 10% until October, at which point it dropped to 8%. For 2016, the rate was 13.50% until October, at which point it dropped to 10%. The Caddo Parish Tax Assessor's contributions to the Fund for the years ending December 31, 2017 and 2016 were \$328,526 and \$374,199, respectively, equal to the required contributions for each year for both the employer and employee portion. The employee portion for the years ending December 31, 2017 and 2016 was \$148,509 and \$146,883, respectively. For 2017, the Assessor contributed the employee portion on behalf of the employees and the expense was recorded as salaries expense.

Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. Key information on the actuarial valuation and assumptions is as follows:

## 6. Pension Plan (Continued)

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry age normal.
Investment Rate of Return (discount rate)	6.75%, net of pension plan investment expense, including inflation.
Inflation Rate	2.50%
Salary Increases	5.75%
Annuitant and beneficiary mortality	RP 2000 Healthy Annuitant Table set forward one year and projected to 2030 for males and females.
Active members mortality	RP 2000 Employee Table set back four years for males and three years for females.
Disabled Lives Mortality	RP-2000 Disabled Lives Mortality Tables set back five years for males and three years for females.

The long-term expected rate of return selected for this report by the Fund was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 6.75%.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 5 years.

The following presents the net pension liability of the Fund calculated using the discount rate of 6.75%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate (assuming all other assumptions remain unchanged):

6. **Pension Plan** (Continued)

	1% Decrease <u>(5.75%)</u>	Current Discount Rate (6.75%)	1% Increase <u>(7.75%)</u>
Assessor's proportionate share of the net pension liability	<u>2,536,544</u>	<u>748,016</u>	<u>(785,226)</u>

Actuarial date and measurement date: September 30, 2017

Projected required contribution	187,150
Employer allocation percentage	4.262904%
Net pension liability	748,016

**Deferred Outflows**

Net differences between projected and actual earnings	-
Differences between expected and actual experience	83,375
Changes in assumptions	467,841
Changes in proportion	21,779
Employer contributions subsequent to measurement date	<u>40,972</u>
Total Deferred Outflow	<u>613,967</u>

**Deferred Inflows**

Differences between expected and actual experience	234,850
Net differences between projected and actual earnings	289,458
Changes in assumptions	-
Changes in proportion	<u>123,046</u>
Total Deferred Inflows	<u>647,354</u>

**Pension Expense**

Proportionate share of plan pension expense	565,820
Net amortization of deferred amounts from changes in proportion	<u>(35,400)</u>
Total Employer Pension Expense	<u>530,420</u>

**Proportionate Share**

Employer contributions	188,305
Non-employer contributions	564,096

**Schedule of Net Pension Liability Sensitivity to Change in Discount Rate**

Employer's proportionate share	
1% decrease	2,536,544
1% increase	(785,226)

**Amortization Schedule**

2018	54,390
2019	92,489
2020	(148,048)
2021	(86,774)
2022	<u>52,899</u>
Total	<u>(35,044)</u>

7. **Other Postemployment Benefits**

**Plan Description.** The Caddo Parish Tax Assessor contributes to a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the Assessor’s group health insurance plan, which covers both active and retired members. Benefit provisions are established by the Caddo Parish Tax Assessor.

The Caddo Parish Tax Assessor accounts for other postemployment benefits in accordance with Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB 45). 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.

**Funding Policy.** The Assessor pays 100% of retirees’ medical and life insurance premiums and 50% of the retirees’ dependent medical coverage. The eligibility requirement is that the former employee must have met the requirements of the retirement system. These requirements are at least twelve years of coverage service and at least fifty-five years of age or thirty years of service. The number of participants currently eligible to receive benefits is twenty-eight. For the year ended December 31, 2017, the Assessor contributed \$284,134 to the plan.

**Annual OPEB Cost and Net OPEB Obligation.** The Assessor’s annual other post employment benefit (OPEB) costs (expense) is calculated based on the annual required contribution of the employer (ARC). The Assessor’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A 4% discount rate and amortization period of 30 years (the maximum amortization period allowed by GASB 45) have been used for the post-employment benefits.

Annual required contribution	732,605
Interest on prior year net OPEB obligation	206,634
Adjustment to annual required contribution	<u>(338,811)</u>
Annual OPEB Cost	600,428
Contributions made	<u>(284,134)</u>
Increase in net OPEB obligation	316,294
Net OPEB obligation at beginning of year	<u>5,885,290</u>
Net OPEB obligation at end of year	<u><u>6,201,584</u></u>

The Assessor’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and net OPEB obligation for the year 2017, 2016 and 2015, was \$600,428, \$600,428, and \$600,428, 47%, 44%, and 45%, and \$6,201,584, \$5,885,290, and \$5,550,194, respectively.

7. **Other Postemployment Benefits** (Continued)

**Funded Status and Funding Progress.** As of December 31, 2017, the actuarial accrued liability for benefits was \$7,459,078 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan was) was \$1,888,504, and ratio of unfunded actuarial accrued liability to the covered payroll was 395%. The date of the most recent actuarial valuation performed was January 1, 2015.

The projection of future benefits for an ongoing plan involves 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 trend. Amounts determined regarding the funding status of the plan and 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. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Assessor's Office and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Assess and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Assessor's Office and plan members in the future. Consistent with the long term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Unit Credit Cost Method. This method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

8. **Leases**

The Caddo Parish Tax Assessor has five operating lease agreements for automobiles and office equipment. The leases range in terms from 36 to 60 months. During 2017, total payments under these leases were \$26,174.

The following is a schedule of future minimum rental payments required under the operating leases as of December 31, 2017:

2018	10,842
2019	6,486
2020	2,517
2021	-
2022	-
	<u>19,845</u>

9. **Litigation**

At the balance sheet date, there was pending litigation against the Assessor which involved suits seeking either refunds of taxes for prior years or reassessment of property values. As the Tax Assessor only assesses property and does not collect taxes, there should be no monetary loss to the Assessor because of this litigation.

10. **Deferred Compensation**

The Tax Assessor offers employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code of 1986. The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. The administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with provisions of GASB Statement No. 32, plan balances and activities are reflected in separate statements of fiduciary net assets and changes in fiduciary net assets in the Tax Assessor's financial statements.



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

CADDO PARISH TAX ASSESSOR  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)

	<u>Governmental Fund Type</u>		Variance
	<u>Salary and Expense Fund</u>		Favorable
	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Revenues:</u>			
Caddo Assessment District	3,998,490	4,002,995	(4,505)
State revenue sharing	102,288	96,000	6,288
Interest income	30,498	6,300	24,198
Other revenues	<u>119,301</u>	<u>110,000</u>	<u>9,301</u>
Total revenues	4,250,577	4,215,295	35,282
<u>Prior year surplus</u>	5,603,636	5,603,636	-
<u>Expenditures:</u>			
Insurance	774,559	842,350	67,791
General office expense	100,710	125,129	24,419
Professional fees	177,918	231,000	53,082
Equipment maintenance and purchases	206,684	364,755	158,071
Mapping	-	600	600
Postage	32,137	44,250	12,113
Education and travel	55,278	66,200	10,922
Automobile	76,930	88,100	11,170
Office forms	16,900	28,227	11,327
Office supplies	20,286	63,569	43,283
Salaries	2,159,283	2,400,000	240,717
Retirement fund expense	<u>192,276</u>	<u>320,000</u>	<u>127,724</u>
Total expenditures	<u>3,812,961</u>	<u>4,574,180</u>	<u>761,219</u>
<u>Fund balance:</u>			
December 31, 2017	<u>6,041,252</u>	<u>5,244,751</u>	<u>796,501</u>

CADDO PARISH TAX ASSESSOR

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited)

1. Budget

Refer to Note 1 of the financial statements for details regarding the budget process. The budget presented on Page 28 is the original budget with no amendments to the budget during the year.

CADDO PARISH TAX ASSESSOR

RETIREE HEALTH CARE PLAN

DECEMBER 31, 2017

(Unaudited)

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2015	-	7,459,078	7,459,078	0%	1,888,504	395%

CADDO PARISH TAX ASSESSOR

SCHEDULE OF PROPORTIONAL SHARE OF THE NET PENSION

LIABILITY AND RELATED RATIOS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assessor's proportion of the net pension liability	4.262904%	4.140160%	4.393390%
Assessor's proportion share of the net pension liability	748,016	1,460,936	2,299,161
Non-employer's proportion share of net pension liability	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>748,016</u>	<u>1,460,936</u>	<u>2,299,161</u>
Assessor's covered employee payroll	1,861,608	1,799,814	1,827,804
Assessor's proportion share of the net pension liability as a percentage of its covered employee payroll	40.18%	81.17%	125.79%
Plan fiduciary net position as a percentage of the total pension liability	95.61%	90.68%	85.57%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

CADDO PARISH TAX ASSESSOR  
SCHEDULE OF REQUIRED CONTRIBUTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	192,279	227,317	246,754
Contributions in relation to the contractually required contribution	192,279	227,317	246,754
Contribution deficiency (excess)	-	-	-
Assessor's covered-employee payroll	1,861,608	1,799,814	1,827,804
Contributions as a percentage of covered-employee payroll	10.33%*	10.00%*	13.50%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

\*Contribution rate was 13.50% until October 2016, at which point it decreased to 10.00%. The contribution rate decreased again to 8.00% effective October 2017.

**OTHER FINANCIAL INFORMATION**

CADDO PARISH TAX ASSESSOR

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS,

AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2017

Agency Head: Charles R. Henington, Jr.

Salary and expense amount	172,515
Benefits-insurance	16,350
Benefits-retirement	30,190
Vehicle provided by government	4,476
Travel	7,845
Registration fees	1,875
Conference travel	4,411
Continuing professional education fees	<u>1,350</u>
	<u>239,012</u>



**OTHER REPORTS**

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

May 18, 2018

Mr. Charles R. Henington, Jr.  
Caddo Parish Tax Assessor  
Shreveport, Louisiana

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

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 each major fund of the Caddo Parish Tax Assessor, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Caddo Parish Tax Assessor's basic financial statements, and have issued our report thereon dated May 18, 2018.

## **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Assessor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control over financial reporting.

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

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

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## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana

CADDO PARISH TAX ASSESSOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2017

We have audited the financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2017, and have issued our report thereon dated May 18, 2018. 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. Our audit of the financial statements as of December 31, 2017 resulted in an unmodified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CADDO PARISH TAX ASSESSOR  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2017

No prior year findings were reported.

# HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525  
SHREVEPORT, LOUISIANA 71101  
318-429-1525 PHONE • 318-429-2070 FAX

May 29, 2018

Mr. Charles Henington, Jr.  
Caddo Parish Tax Assessor  
Caddo Parish Courthouse  
501 Texas Street  
Shreveport, Louisiana 71101

Louisiana Legislative Auditor  
Baton Rouge, Louisiana

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Caddo Parish Tax Assessor (CPTA) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. CPTA's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ❖ **Exceptions in Bold.**

#### Written Policies and Procedures

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

*The entity's policy meets the requirements of the LLA AUP's.*

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Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.

❖ **The entity has a purchasing policy, but it does not completely describe the process of how vendors are added to the vendor list.**

- b) Disbursements, including processing, reviewing, and approving.

*The entity's policy meets the requirements of the LLA AUP's.*

- c) Receipts, including receiving, recording, and preparing deposits.

*The entity's policy meets the requirements of the LLA AUP's.*

- d) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

❖ **Written policies and procedures address some aspects of reviewing and approving time and attendance records, but do not cover payroll processing steps and the responsibilities of those carrying them out.**

- e) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*The entity's policy meets the requirements of the LLA AUP's.*

- f) Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*The entity's policy meets the requirements of the LLA AUP's.*

- g) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*The entity's policy meets the requirements of the LLA AUP's.*

- h) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

❖ **The entity has an ethics policy, but the plan does not address ethics violations, or the monitoring of the corrective action plan. The entity does not require the employees to attest annually to reading the ethics policy.**

- i) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*Not applicable, as the entity does not carry debt.*

## Board (or Finance Committee, if applicable)

---

2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The entity does not have a Board; however, the entity has monthly close out between the CFO and the Assessor.*
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Each monthly closeout meeting discussed budget to actual comparisons. No deficit spending took place during the year.*
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Minutes are not kept, but non budgetary financial information was discussed at least one monthly closeout meeting.*

## Bank Reconciliations

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*A list of bank accounts was obtained from management.*
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;

*Bank reconciliations were prepared for the Chase and the First Bank account for each month in the fiscal year. First Bank account was closed 9/5/17.*



- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

❖ *There was no written evidence of a review of the bank reconciliations.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*No reconciling items greater than 6 months old were noted.*

## Collections

---

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Cash/checks are collected at a single location (Main Office).*

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Each person responsible for handling cash is bonded/insured, with the exception of front desk employees who receive very nominal amounts (typically \$5 or less) for copies. Each person responsible for collecting cash does not deposit the cash in the bank, record the cash transaction, reconcile the related bank account, or share the cash drawer with another employee.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*The entity has a formal process to reconcile cash receipts to the amounts recorded on the general ledger by an individual not responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Cash receipts selected for this procedure were deposited within one business day of collection.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions were noted.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*The entity has the process of requiring the bookkeeper to compare cash received or payments made through ACH to the applicable billing.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*A listing of disbursements made during the year was obtained from management.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*The entity uses a purchase order system. The entity does not require approval for recurring monthly payments, or utilities.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Purchase orders are approved by department head before purchase and by CFO before payment.*

**❖ HMV noted one instance during testing where the disbursement was not approved.**

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*All payments for purchases were supported by an approved invoice and, when applicable, related shipping documents. As noted above, not all purchases are required to have a purchase order. The entity does not use formal receiving reports.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**❖ The A/P Clerk is responsible for processing disbursements, and has authority or rights to add vendors.**

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**❖ The assessor is the only authorized signor, the assessor can also initiate purchases.**

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*The supply of unused checks is kept in a locked cabinet, under the custody of individuals with no check signing authority.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Check signing machine is used and is located in the office of Vicki Mc Connell, Accounts Payable. Check signing machine remains locked while not in use and key is kept in locked desk of Vicki McConnell.*

- ❖ **The check signing machine should remain in the custody of the authorized signor.**

#### Credit Cards/Debit Cards/Fuel Cards/P-Cards

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

*A listing of active credit cards and related information was obtained, and management represented to us that the listing was complete.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*The monthly statements were reviewed. Supporting documentation was reviewed and approved in writing by an individual independent of the cardholder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*No finance charges or late fees were assessed.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*Original receipts were not kept for the gas cards. The CFO reconciles the original receipt to the monthly statement then the receipts are discarded. The gas cards monthly invoices are detailed and show the location, price per gallon, and number of gallons.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*Purchases are coded to business/public purpose. No meals were purchased, entity uses per diem for meals.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*Except for gas card receipts mentioned above, each transaction on the monthly statement is supported by required documentation.*

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*No transaction was required to meet bid or quote procedures.*

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted.*

## Travel and Expense Reimbursement

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*A listing of all travel and related expense reimbursements, by person, during the fiscal year was obtained from the general ledger.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The entity uses their policy and guidelines to reimburse travel and meals. No amounts exceeded GSA rates.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*No exceptions were noted.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*Meals paid by per diem.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Not applicable.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

*Viewed conference sign in sheets/certifications of completions.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

❖ **One reimbursement was approved by the recipient of the reimbursement.**

Contracts

---

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*A listing of all contracts in effect during the year was obtained.*

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*A formal written contract supports the service arrangement and amount paid for the single vendor selected.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*The contract selected was not subject to the Louisiana Public Bid Law or Procurement Code. The entity solicits bids as a best practice. Additionally, the entity consults with its attorney on contracts for legal advice and to ensure it is following the Louisiana Bid Law.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*No contract was amended.*

Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*The invoice and related payment of the selected contract complied with its terms.*

- d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Not applicable.*

## Payroll and Personnel

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

*A listing of all employees and their related compensation was obtained.*

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Compensation paid to each selected employee was made in accordance with the terms and conditions of his contract or pay rate structure.*

Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Pay rate or salary changes applicable to each selected employee were approved in writing and in accordance with written policy.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*All applicable employees documented their daily attendance and leave.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

❖ **One instance found where a department head's PTO was not approved.**

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.



*The entity maintained written leave records on all applicable employees tested.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Employees termination payout of PTO was made in strict accordance with policy at approved pay rate.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.*

#### Ethics (excluding nonprofits)

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Ethics training was completed for the five employees selected.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*No ethics violations reported during the period.*

## Debt Service (excluding nonprofits)

---

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Not applicable, no debt carried by entity.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Not applicable, no debt carried by entity.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable, no debt carried by entity.*

## Other

---

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management represented that the entity had no misappropriations of public funds or assets during the fiscal year.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*We observed the notice posted on the entity's premises and on its website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*Not applicable.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana