

4116

RECEIVED  
LEGISLATIVE AUDITOR  
98 MAY 11 AM 9:40

**OFFICIAL  
FILE COPY**  

---

**DO NOT SEND OUT**  

---

(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

**March 31, 1998**

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

DATE MAY 13 1998

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS	4
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND	5
NOTES TO FINANCIAL STATEMENTS	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	12
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	14
CORRECTIVE ACTION PLAN	15

**Justin J. Scanlan, C.P.A.**  
CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

**INDEPENDENT AUDITOR'S REPORT**

Assessor  
Fourth Municipal District,  
Parish of Orleans

I have audited the accompanying general-purpose financial statements of the Assessor, Fourth Municipal District, Parish of Orleans, as of March 31, 1998, and for the year then ended, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Assessor, Fourth Municipal District Parish of Orleans. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Assessor, Fourth Municipal District, Parish of Orleans, as of March 31, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated April 13, 1998 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws and regulations.

*Justin J. Scanlan, CPA*

New Orleans, Louisiana  
April 13, 1998

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**COMBINED BALANCE SHEET –  
ALL FUND TYPES AND ACCOUNT GROUPS**

March 31, 1998

	<u>GOVERNMENTAL FUND TYPE</u>	<u>ACCOUNT GROUP</u>	<u>TOTALS (MEMORANDUM ONLY)</u>	
	<u>GENERAL FUND</u>	<u>FIXED ASSETS</u>	<u>1998</u>	<u>1997</u>
<b>ASSETS</b>				
Cash	\$ 12,629	\$ -	\$ 12,629	\$ 12,935
Fixed assets (Notes A4 and B)	<u>-</u>	<u>23,591</u>	<u>23,591</u>	<u>23,591</u>
Total assets	<u>\$ 12,629</u>	<u>\$ 23,591</u>	<u>\$ 36,220</u>	<u>\$ 36,526</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 4,439	\$ -	\$ 4,439	\$ 3,939
Payroll taxes payable	<u>692</u>	<u>-</u>	<u>692</u>	<u>1,785</u>
Total liabilities	5,131	-	5,131	5,724
<b>Fund Equity</b>				
Investment in general fixed assets	-	23,591	23,591	23,591
Fund balance – undesignated	<u>7,498</u>	<u>-</u>	<u>7,498</u>	<u>7,211</u>
Total fund equity	<u>7,498</u>	<u>23,591</u>	<u>31,089</u>	<u>30,802</u>
Total liabilities and fund equity	<u>\$ 12,629</u>	<u>\$ 23,591</u>	<u>\$ 36,220</u>	<u>\$ 36,526</u>

The accompanying notes are an integral part of this financial statement.

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL –  
GENERAL FUND**

For the year ended March 31, 1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
<b>Revenues</b>			
Intergovernmental revenue			
Board of assessors allotment	\$ 97,500	\$ 100,463	\$ 2,963
Interest income	100	153	53
Other	<u>-</u>	<u>904</u>	<u>904</u>
Total revenues	97,600	101,520	3,920
<b>Expenditures</b>			
Personnel services and related benefits	81,848	80,016	1,832
Operating expenses	7,000	12,039	< 5,039>
Materials and supplies	450	605	< 155>
Miscellaneous	<u>8,300</u>	<u>8,573</u>	<u>&lt; 273&gt;</u>
Total expenditures	<u>97,598</u>	<u>101,233</u>	<u>&lt; 3,635&gt;</u>
Excess of revenues over expenditures	2	287	285
Fund balance, beginning of year	<u>7,211</u>	<u>7,211</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,213</u>	<u>\$ 7,498</u>	<u>\$ 285</u>

The accompanying notes are an integral part of this financial statement.

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS**

**March 31, 1998**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the entity's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**1. Reporting Entity**

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, there shall be seven assessors in New Orleans, who shall compose the Board of Assessors for Orleans Parish. One shall be elected from each municipal district of New Orleans, and each shall be a resident of the district from which he is elected. The assessor shall be elected at the same time as the municipal officers of New Orleans, for terms of four years each. In the event a vacancy occurs in any one of the seven assessors' office, the Board of Assessors shall appoint an interim assessor for the unexpired term.

The assessor assesses all real and moveable property in his municipal district subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for taxpayers in his district. 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.

For financial reporting purposes, the assessor includes all funds, account groups, activities, et cetera, that are controlled by the assessor as an independently elected parish official. The activities of other independently elected parish officials and municipal level government are not included within the accompanying financial statements as they are considered autonomous governments. These units of government issue financial statements separate from that of the parish assessors.

At March 31, 1998, there are real property assessments totaling \$44,417,382 and personal property assessments totaling \$5,877,743.

**2. Basis of Presentation**

The accompanying financial statements of the Assessor, Fourth Municipal District, Parish of Orleans, have been prepared in conformity with generally accepted accounting principles (GAPP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.



**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**March 31, 1998**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**3. Fund Accounting**

The accounts of the Assessor, Fourth Municipal District, Parish of Orleans, are organized on the basis of a fund and an account group to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources. The fund presented in the financial statements is described as follows:

**General Fund**

The General Fund, as provided by Louisiana Revised Statute 47:1906, is classified as a governmental fund, and is the principal operating fund of the Assessor, Fourth Municipal District, Parish of Orleans, and accounts for all financial resources. Revenues are accounted for in this individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Compensation received from the various taxing bodies, prescribed by formula in Louisiana Revised Statutes 47:1907-1908 is accounted for in the fund. General operating expenditures are paid from this fund.

**4. Fixed Assets**

Equipment used in government fund type operations are accounted for in the General Fixed Assets Account Group, rather than in a governmental fund. These assets are recorded as expenditures in the governmental fund type when purchased. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

**5. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General 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 General Fund presents increases and decreases in net current assets. The accrual basis of accounting is used by the General Fund.

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

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS- CONTINUED**

**March 31, 1998**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**6. Budget and Budgetary Accounting**

The Board of Assessors, Parish of Orleans, legally adopts an annual budget, which authorizes the annual appropriation of the Assessor's office. The budgetary practices include public notice, participation and inspection. Additionally, the Board of Assessors' budget authorizes supplementary appropriations during the year to the Assessor, Fourth Municipal District, Parish of Orleans. Since the Board of Assessors legally adopts a budget, the Assessor, Fourth Municipal District, Parish of Orleans, is not required to follow the legal budgetary practices of public notice, participation and inspections.

The annual budget prepared by the Assessor, Fourth Municipal District, Parish of Orleans, is on a basis consistent with generally accepted accounting principles. The budget is prepared by function. Revenues are estimated and expenditures of prior years are considered when preparing the budget for the current year.

The budget is submitted to the Board of Assessors. Revenues to operate the office of the Assessor, Fourth Municipal District, Parish of Orleans, and any supplementary appropriations during the year are derived from a dedicated millage rate which is collected and allocated by the Board of Assessors based on the Board of Assessors legally adopted budget. The budget is available for public inspection at the Assessor's office.

**7. Assessor's Salary and Personal Allowances**

The salary of each Assessor in the Parish of Orleans is paid by the Board of Assessors, Parish of Orleans, and therefore is not included in the accompanying financial statements. In addition to his annual salary, the Assessor, Fourth Municipal District, Parish of Orleans, is granted ten percent (10%) of his annual compensation as a personal expenditure allowance provided that the tax receipts of the respective tax recipient bodies shall not be reduced. The amount of personnel expenditures incurred by the Assessor, Fourth Municipal District, Parish of Orleans, is included in the accompanying General-Purpose Financial Statements.

**8. Total Columns of Combined Statements - Overview**

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.



**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS- CONTINUED**

**March 31, 1998**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**9. Vacation and Sick Leave**

Each employee, after one year of service, is entitled to two weeks vacation. There is no provision for the accumulating or vesting of vacation time. The Assessor does not have a formal sick leave policy.

**10. Cash and Cash equivalents**

Cash and cash equivalents include cash and deposits 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 office in Louisiana and may invest in United States bonds, treasury notes or certificates. These are classified as investments if their original maturities exceed 90 days. At March 31, 1998, the cash on deposit in financial institutions was adequately secured by federal deposit insurance.

**NOTE B – GENERAL FIXED ASSETS – ACCOUNT GROUP**

A summary of changes in general fixed assets follows:

	<u>Balance 04/01/97</u>	<u>Additions</u>	<u>Balance 3/31/98</u>
Furniture and equipment	<u>\$ 23,591</u>	<u>\$ -</u>	<u>\$ 23,591</u>

**NOTE C – PENSION PLAN**

All full-time employees of the Assessor, Fourth Municipal District, Parish of Orleans, are members of the Louisiana Assessor's Retirement System. In addition to employee payroll deductions, a portion of the Board's allotment is remitted to the retirement system.

The retirement system is a state-wide defined benefit multiple employer public retirement system. The system is administered and controlled by a separate board of trustees, with contribution rates approved by the Louisiana Legislature. Contributions of participants and the Board's allotment are pooled within the system to fund accrued benefits. The Assessor, Fourth Municipal District, Parish of Orleans does not guarantee the benefits granted by the retirement system.

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS- CONTINUED**

**March 31, 1998**

**NOTE C – PENSION PLAN – Continued**

Following is a summary of the Louisiana Assessor's Retirement Fund for the most recent valuation date, which was September 30, 1997:

<u>Actuarial Value of Plan Assets</u>	<u>\$ 81,784,208</u>
---------------------------------------	----------------------

<u>Unfunded Pension Benefit Obligation</u>	<u>\$ 33,386,709</u>
--	----------------------

1) Amount of the Assessor, Fourth Municipal District, Parish of Orleans, Current Year Totaled Payroll	<u>\$ 58,128</u>
---	------------------

Amount of the Assessor, Fourth Municipal District, Parish of Orleans, Current Year Covered Payroll	<u>\$ 58,128</u>
--	------------------

2) All full time employees of the Assessor, Municipal District, Parish of Orleans, are members of the Retirement System.

Retirement benefits are computed based on the highest Thirty-six (36) consecutive or joined months of salary.

A participant may retire after twelve (12) years of Creditable service and 55 years of age or older, or at age 50 with 30 years creditable service.

3) The Louisiana Assessor's Retirement Fund was created by provision of Act 91 of the 1950 Legislature, as amended, up to and including Act 256 of 1986 and required the following provisions:

The Assessor, Fourth Municipal District, Parish of Orleans, is required to contribute 5.75% of covered Payroll which shall be remitted to the Louisiana Assessor's Retirement Fund.

The Assessor, Fourth Municipal District, Parish of Orleans, is required to deduct 7% from the salaries of the full-time employees, which shall be remitted to the Louisiana Assessor's Retirement Fund.

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**NOTES TO FINANCIAL STATEMENTS- CONTINUED**

**March 31, 1998**

**NOTE C – PENSION PLAN – Continued**

4)	Employee actual contributions	\$	2,856
	Employer actual contributions	\$	<u>3,272</u>
	Total Contributions	\$	<u><u>6,128</u></u>

The contributions are 11% of the total covered payroll.

5) The assumptions used for valuation were the same as those utilized for the prior year except for a restricting of the method used to calculate the assumed maximum benefit payable by the system and a change in the assumed rate of retirement.

6) The Louisiana Assessor’s Retirement System, a cost-sharing multiple-employer plan, does not conduct separate measurements of assets and pension benefit obligations for individual employers. Also, membership data is not available by individual employer. The amount shown below as the “pension benefit obligation” is a standardized disclosure measure of the present value of pension benefits for the state-wide plan:

Active Members	\$	104,478,125
Retirees, beneficiaries and terminated employees		<u>47,617,505</u>
Total pension benefit obligation	\$	<u><u>152,095,630</u></u>
Total net assets available for benefits	\$	<u><u>87,587,927</u></u>

7) The historical trend information shall be included in the separately issued Louisiana Assessor’s Retirement Fund annual report.

# Justin J. Scanlan, C.P.A.

CERTIFIED PUBLIC ACCOUNTANT  
4769 ST. ROCH AVE. NEW ORLEANS, LOUISIANA 70122  
TELEPHONE: (504) 288-0050

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Assessor  
Fourth Municipal District,  
Parish of Orleans

I have audited the general-purpose financial statements of the Assessor, Fourth Municipal District, Parish of Orleans, as of and for the year ended March 31, 1998 and have issued my report thereon dated April 13, 1998, I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Assessor, Fourth Municipal District, Parish of Orleans' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Assessor, Fourth Municipal District, Parish of Orleans' internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Assessor, Fourth Municipal District, Parish of Orleans' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Item 97-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, I consider item 97.1 to be a material weakness.

This report is intended for the information of management and the Legislative Auditor. However, this report is a matter of public record, and its distribution is not limited.

*Justin J. Scanlon, CPA*

New Orleans, Louisiana  
April 13, 1998



**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the year ended March 31, 1998**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Assessor, Fourth Municipal District, Parish of Orleans.
2. One reportable condition disclosed during the audit of the general purpose financial statements is reported in the "Report on Compliance And On Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards." The condition is reported as a material weakness.
3. No instances of noncompliance material to the general purpose financial statements of Assessor, Fourth Municipal District, Parish of Orleans were disclosed during the audit.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT MATERIAL WEAKNESS**

**97.1**

**Condition:** The size of the Assessor's operation is too small to have an adequate segregation of duties and other features of an adequate system of internal control.

**Criteria:** An adequate segregation of duties is necessary for an adequate system of internal control.

**Effect:** Without an adequate segregation of duties, management exposes itself to the risk of an inadequate system of internal control.

**Recommendation:** The Assessor should continue its significant involvement in the financial affairs of the entity through review of monthly financial reports.

**Response:** Management has decided that to employ such controls would not be cost beneficial.

**C. PRIOR YEAR AUDIT FINDING**

The prior year audit finding titled "Segregation of Duties" was unresolved as of December 31, 1997.

**ASSESSOR  
FOURTH MUNICIPAL DISTRICT  
PARISH OF ORLEANS**

**CORRECTIVE ACTION PLAN**

**March 31, 1998**

**Segregation of Duties**

Management has decided that to employ such controls would not be cost beneficial.