

RECEIVED  
LEGISLATIVE AUDITOR

99 JUN 18 AM 10:33

OFFICIAL  
FILE COPY

**DO NOT SEND OUT**

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

VERNON PARISH ASSESSOR  
LEESVILLE, LOUISIANA  
Annual Financial Statements  
December 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.

Release Date ~~JUNE 23 1999~~

VERNON PARISH ASSESSOR

Table of Contents

	<u>Page</u>
Unqualified Opinion on General-Purpose Financial Statements-Governmental Entity . . . . .	1 - 2
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . .	3 - 4
Schedule of Findings and Questioned Costs . . . . .	5 - 6
Combined Balance Sheet - All Fund Types and Account Group . . . . .	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type - General Fund . . . . .	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual Governmental Fund Type - General Fund . . . . .	9
Notes to the Financial Statements . . . . .	10 - 15
SUPPLEMENTAL INFORMATION:	
Management's Schedule of Prior Year Findings . . . . .	16
Management's Corrective Action Plan . . . . .	17
Required Supplemental Information - Year 2000 Supplementary Information . . . . .	18

# ELLIOTT & ASSOCIATES, INC.

*A Professional Accounting Corporation*

P. O. Box 1287

Leesville, Louisiana 71496-1287

(318) 239-2535  
(318) 238-5135  
Fax 239-2295

W. Micheal Elliott, CPA

## UNQUALIFIED OPINION ON GENERAL-PURPOSE FINANCIAL STATEMENTS-GOVERNMENTAL ENTITY

### INDEPENDENT AUDITOR'S REPORT

Vernon Parish Assessor  
Leesville, Louisiana:

I have audited the accompanying general-purpose financial statements of the Vernon Parish Assessor as of and for the year ended December 31, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Vernon Parish Assessor's management. 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 the standards applicable to financial audits contained in *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 Vernon Parish Assessor as of and for the year ended December 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 a report dated May 24, 1999, on my consideration of the Vernon Parish Assessor's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts and grants.

The year 2000 supplementary information on page 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and the presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it. In addition, I do not provide assurance that the Vernon Parish Assessor is or will become year 2000 compliant, that the Assessor's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the District does business are or will become year 2000 compliant.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the Assessor taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly state, in all material respects, in relation to the basic financial statements taken as a whole.

Elliott & Assoc. "APAC"  
Leesville, Louisiana  
May 24, 1999

# ELLIOTT & ASSOCIATES, INC.

A Professional Accounting Corporation

P. O. Box 1287

Leesville, Louisiana 71496-1287

(318) 239-2535  
(318) 238-5135  
Fax 239-2295

W. Micheal Elliott, CPA

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

Vernon Parish Assessor  
Leesville, Louisiana

I have audited the financial statements of the Vernon Parish Assessor as of and for the year ended December 31, 1998, and have issued my report thereon dated May 24, 1999. 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 Vernon Parish Assessor's financial statements are free of material misstatement, I 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 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 Compliance

In planning and performing my audit, I considered the Vernon Parish Assessor's 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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

*Elliott & Assoc. "APAC"*

Leesville, Louisiana  
May 24, 1999

Vernon Parish Assessor  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended December 31, 1998

I have audited the financial statements of Vernon Parish Assessor as of and for the year ended December 31, 1998, and have issued my report thereon dated May 24, 1999. 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. My audit of the financial statements as of December 31, 1998 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

Internal Control

Material Weaknesses ( ) Yes (X) No  
Reportable Conditions ( ) Yes (X) No

Compliance

Compliance Material to Financial  
Statements ( ) Yes (X) No

*b. Federal Awards*

Internal Control

Material Weaknesses ( ) Yes ( ) No (X) N/A  
Reportable Conditions ( ) Yes ( ) No (X) N/A

Type of Opinion On Compliance For Major Programs

Unqualified ( ) Qualified ( )  
Disclaimer ( ) Adverse ( )  
N/A (X)

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

( ) Yes ( ) No (X) N/A

c. Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
None	None

Dollar threshold used to distinguish between Type A and Type B Programs: \$ N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133?  
 Yes     No     N/A

**Section II Financial Statement Findings**

N/A

**Section III Federal Award Findings and Questioned Costs**

N/A

See independent auditor's report.



VERNON PARISH ASSESSOR  
 Combined Balance Sheet -  
 All Fund Types and Account Group  
 December 31, 1998

	<u>Governmental Fund Types</u>	<u>Account Group</u>	<u>Totals</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>(Memorandum only)</u>
<u>Assets:</u>			
Cash and cash equivalents (Note 3)	\$111,292	\$ ---	\$111,292
Vehicles and equipment (Note 4)	---	<u>129,162</u>	<u>129,162</u>
Total assets	<u>\$111,292</u>	<u>\$129,162</u>	<u>\$240,454</u>
 <u>Liabilities and Fund Equity:</u>			
<u>Liabilities:</u>			
Deferred revenue (Notes 2 and 7)	\$ <u>42,675</u>	\$ ---	\$ <u>42,675</u>
Total liabilities	<u>42,675</u>	<u>---</u>	<u>42,675</u>
 <u>Fund equity:</u>			
Investment in general fixed assets (Note 4)	---	129,162	129,162
Fund balance - unreserved-undesignated	<u>68,617</u>	<u>---</u>	<u>68,617</u>
Total fund equity	<u>68,617</u>	<u>129,162</u>	<u>197,779</u>
Total liabilities and fund equity	<u>\$111,292</u>	<u>\$129,162</u>	<u>\$240,454</u>

The accompanying notes are an integral part of this statement.

VERNON PARISH ASSESSOR  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Fund Type -  
General Fund  
For the Year Ended December 31, 1998

<u>Revenues:</u>	
Taxes (Note 2)	\$357,634
Intergovernmental	66,836
Charges for services	2,487
Miscellaneous	<u>10,505</u>
Total revenues	<u>437,462</u>
 <u>Expenditures:</u>	
General government - taxation:	
Current:	
Salaries and related costs (Note 5)	339,230
Office supplies and expenses	49,689
Education and travel	11,748
Automobile	14,373
Professional	15,263
Capital outlay (Note 4)	<u>19,298</u>
Total expenditures	<u>449,601</u>
Excess (deficiency) of revenues over expenditures	(12,139)
Fund balance, beginning of year	<u>80,756</u>
Fund balance, end of year	<u>\$ 68,617</u>

The accompanying notes are an integral part of this statement.

VERNON PARISH ASSESSOR  
Statement of Revenues, Expenditures  
and Changes in Fund Balance -  
Budget (GAAP Basis) and Actual  
Governmental Fund Type - General Fund  
For the Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$350,000	\$357,634	\$ 7,634
Intergovernmental	66,000	66,836	836
Charges for services	2,000	2,487	487
Miscellaneous	<u>5,000</u>	<u>10,505</u>	<u>5,505</u>
Total revenues	<u>423,000</u>	<u>437,462</u>	<u>14,462</u>
<u>Expenditures:</u>			
General government - taxation:			
Current:			
Salaries	340,000	339,230	770
Office supplies and expenses	50,000	49,689	311
Education and travel	12,000	11,748	252
Automobile	16,000	14,373	1,627
Professional	6,000	15,263	(9,263)
Capital outlay	<u>27,000</u>	<u>19,298</u>	<u>7,702</u>
Total expenditures	<u>451,000</u>	<u>449,601</u>	<u>1,399</u>
Excess (Deficiency) of revenues over expenditures	(28,000)	(12,139)	15,861
Fund Balance, Beginning of Year	<u>80,756</u>	<u>80,756</u>	<u>---</u>
Fund Balance, End of Year	<u>\$ 52,756</u>	<u>\$ 68,617</u>	<u>\$15,861</u>

The accompanying notes are an integral part of this statement.

VERNON PARISH ASSESSOR  
Notes to the Financial Statements  
December 31, 1998

Note 1--Summary of Significant Accounting Policies

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the assessor is elected by the voters of the parish and serves a four-year term. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and 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's office is located in the Vernon Parish Courthouse in Leesville, Louisiana. The assessor employs eight employees including six 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 the collection and distribution of taxes to the various taxing bodies.

A. Principles Determining Scope of Reporting Entity

The financial statements of the Assessor consist only of the funds and account groups of the Assessor. The Assessor has no oversight responsibilities for any other governmental entity since no other entities are considered to be controlled by or dependent on the Assessor. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

B. Fund Accounting

The accounts of the Assessor are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund, as provided by Louisiana Revised Statutes 47:1906, is used to account for the operations of the Assessor's office. Compensation received from the various taxing bodies prescribed by formula in Louisiana Revised Statutes 47:1907-1908 is accounted for in this fund. General operating expenditures are paid from this fund.

VERNON PARISH ASSESSOR  
Notes to the Financial Statements (Continued)

Note 1--Summary of Significant Accounting Policies (Cont.)

C. CASH AND CASH EQUIVALENTS

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits with maturities of three months or less.

D. Fixed Assets

Fixed assets used in governmental type operations (general fixed assets) are accounted for in the General Fixed Group, and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets. All fixed assets are stated at historical cost. Donated fixed assets are stated at their estimated fair market value on the date donated.

The fixed asset account group is not a "fund." It is concerned only with the measurement of financial position. It is not involved with measurement of results of operations.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Assessor's records are maintained on a cash basis of accounting. However, the funds reported in the accompanying financial statements have been converted to a modified accrual basis of accounting utilizing the following practices:

Revenue

Compensation received from the various taxing bodies prescribed by formula in Louisiana Revised Statutes 47:1907-1908 is recorded in the year the ad valorem taxes are assessed.

Fees, charges for services, et cetera are recorded when the Assessor is entitled to the funds.

VERNON PARISH ASSESSOR  
Notes to the Financial Statements (Continued)

Note 1--Summary of Significant Accounting Policies (Cont.)

E. Basis of Accounting (Continued)

Expenditures

Expenditures are recognized when the related fund liability is incurred (modified accrual).

F. Budgetary Practices

Annually, the Assessor adopts the budget on a modified accrual basis of accounting for the General Fund. The budget was amended during the year and Exhibit C reflects the amended budget.

G. Vacation and Sick Leave

Vacation Leave

Employees are granted from one to four weeks, depending on length of service, of vacation leave annually. Upon termination of employment, for any reason, an employee may be compensated for accumulated leave, not exceeding that employee's maximum for one year of service. Accumulated vacation time is not carried into future years.

Sick Leave

Employees are granted a maximum of two weeks sick leave annually. Sick leave is non-cumulative, and no payment is made upon termination of employment.

H. Total Column on the Balance Sheet - Overview

The total column on the balance sheet - overview is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

VERNON PARISH ASSESSOR  
Notes to the Financial Statements (Continued)

Note 2 - Levied Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. There were no ad valorem taxes receivable for the year ended December 31, 1998.

The Assessor utilizes the Vernon Parish Tax Collection/Sheriff to bill and collect its property taxes using the assessed values determined by his own office.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
General operations	5.29 mils	5.29 mils

Taxes were levied upon a total assessed valuation of \$76,003,040. The total amount levied was \$402,055. Furthermore, collection of delinquent taxes and other adjustments resulted in total collections of \$357,634.

Note 3 - Cash and Cash Equivalents

As of December 31, 1998, the carrying amount of the Assessor's deposits was \$111,292 and the bank balance was \$116,539. Of the bank balance, \$116,539 was covered by federal depository insurance.

Note 4--General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Balance, December 31, 1997	\$143,716	\$36,883	\$180,594
Additions	5,483	19,298	24,781
Deductions	<u>(76,213)</u>	<u>---</u>	<u>(76,213)</u>
Balance, December 31, 1998	<u>\$ 72,981</u>	<u>\$ 56,181</u>	<u>\$129,162</u>

Included in additions is \$5,483 in equipment purchased by the Vernon Parish Police Jury for the Assessor's office.

VERNON PARISH ASSESSOR  
Notes to the Financial Statements (Continued)

Note 5--Pension Plan

Substantially all employees of the Assessor's office are members of the Louisiana Assessor's Retirement System (System), a cost-sharing, multiple-employer defined pension plan administered by a separate board of trustees.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessor's Retirement System, Post Office Box 1786, Shreveport, Louisiana 71166-1786, or by calling (318) 425-4446.

Funding Policy. Plan members are required by state statute to contribute 7.0 percent of their annual covered salary and the Vernon Parish Assessor is required to contribute at an actuarially determined rate. The current ratio is 6.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Vernon Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to changes each year based on the results of the valuation for the prior fiscal year. The Vernon Parish Assessor's contributions to the System for year ending December 31, 1998 and 1997, was \$14,861 and \$14,144, respectively; equal to the required contributions for the year.



VERNON PARISH ASSESSOR  
Notes to the Financial Statements (Continued)

Note 6--Deferred Revenue

Deferred revenue at December 31, 1998 consists of the following revenue items collected in December 1998 that represent 1998 revenue:

State revenue sharing	\$21,579
Ad valorem taxes	<u>21,096</u>
Total	<u>\$42,675</u>

Note 7 - Risk Management

The Assessor is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Assessor carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	LIMITS OF <u>COVERAGE</u>
Workmen's Compensation	\$ 500,000
Auto Liability	300,000
Assessor-owned Equipment and Maps	173,000

The Assessor covers all other losses, claim settlements, and judgements from operating resources. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Assessor is not involved in any type litigation nor does it have any asserted claims against it.

Vernon Parish Assessor  
SCHEDULE OF PRIOR YEAR FINDINGS

For the Fiscal Year Ended December 31, 1998

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

The audit report for the year ended December 31 1997, contained a finding related to the report not being issued within the six months of the close of its' December 31, 1997 year-end. This was a violation of LA R.S. #24:513 (A)(5)(a), but did not effect the financial statements. The current year report will be issued to the Legislative Auditor within the statutory period.

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FED-  
ERAL AWARDS**

There were no prior year findings relating to internal control and compliance material to federal awards.

**SECTION III MANAGEMENT LETTER**

There was no management letter with prior year audit report.

See independent auditor's report.

Vernon Parish Assessor  
MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Fiscal Year Ended December 31, 1998

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENT**

N/A

**SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FED-  
ERAL AWARDS**

N/A

**SECTION III MANAGEMENT LETTER**

N/A

See independent auditor's report.

Vernon Parish Assessor  
Required Supplemental Information  
Year 2000 Supplementary Information  
December 31, 1998

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, tax role creation and processing, and cash receipts. The District relies on a vendor to provide these systems and for assessment, remediation, testing, and validation of these systems as being Year 2000 compliant.

The Assessor purchased computer equipment and related software in early 1999 from a vendor that has validated such purchases as Year 2000 compliant.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

See independent auditor's report.