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WEBSTER PARISH ASSESSOR
Minden, Louisiana

General Purpose Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2003

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

Release Date 8/18/04

WEBSTER PARISH ASSESSOR
Minden, Louisiana

General Purpose Financial Statements
As of and for the Year Ended
December 31, 2003

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INDEPENDENT AUDITORS' REPORT

HONORABLE KERRY O. BURNS, CLA
WEBSTER PARISH ASSESSOR
Minden, Louisiana

We have audited the accompanying general purpose financial statements of the Webster Parish Assessor as of and for the year ended December 31, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the Webster Parish Assessor's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

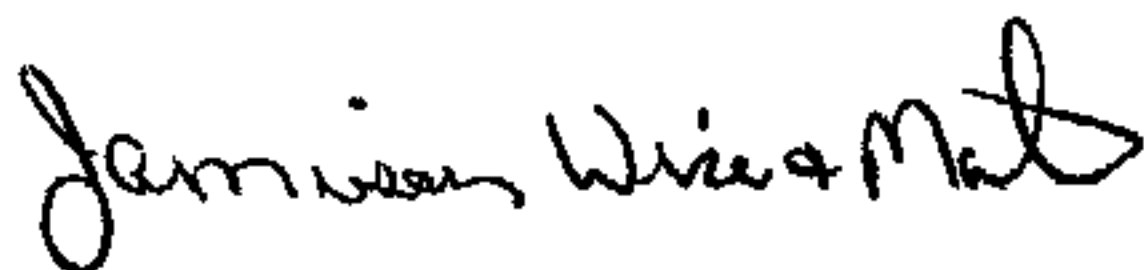
Except as discussed in the following two paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that our audit provides a reasonable basis for our opinion.

As explained in Appendix B of this report, items 2003-2 and 2003-3 the total revenues for the period January 2003 through June 2003 for fees for map copies, while probably immaterial based on July through October 2003, could not be verified or located in the financial records.

As explained in Appendix B of this report, item 2003-7, the listing of general fixed assets equipment, stated at \$431,488 at December 31, 2003 may not be complete. We were unable to determine the equipment balance because of the lack of an inventory.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence to determine the revenue and equipment balances as discussed in paragraphs three and four, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Webster Parish Assessor as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated July 1, 2004, on our consideration of the Webster Parish Assessor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Minden, Louisiana
July 1, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS
(OVERVIEW)**

WEBSTER PARISH ASSESSOR
Minden, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 2003

	GOVERNMENTAL FUND	ACCOUNT GROUP		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS				
Cash	\$ 159,165	-	-	159,165
Investments	113,575	-	-	113,575
Receivables	924,113	-	-	924,113
Prepaid assets	21,554	-	-	
Other assets	475	-	-	475
Office furnishings and equipment	-	431,488	-	431,488
Amount to be provided for lease & note payments	-	-	8,826	8,826
TOTAL ASSETS	\$ 1,218,882	431,488	8,826	1,637,642
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 809	-	-	809
Payroll deductions payable	7,852	-	-	
Deferred revenues	170,964	-	-	170,964
Lease Obligations and Notes Payable	-	-	8,826	8,826
Total liabilities	179,625	-	8,826	180,599
Fund Equity:				
Investment in general fixed assets	-	431,488	-	431,488
Fund balance:				
Unreserved - undesignated	1,039,257	-	-	1,039,257
Total Fund Equity	1,039,257	431,488	-	1,470,745
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,218,882	431,488	8,826	1,651,344

The accompanying notes are an integral part of this statement.

WEBSTER PARISH ASSESSOR
Minden, Louisiana
GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and
Changes in Fund Balance
For the Year Ended December 31, 2003

	<u>GENERAL FUND</u>
REVENUES	
Taxes - ad valorem	\$ 865,178
Intergovernmental revenues -	
state grant - state revenue sharing	154,008
Fees, charges, and commissions for service	23,219
Use of money and property - interest earnings	4,594
Other revenue	-
Total revenues	<u>1,046,999</u>
EXPENDITURES	
General government - taxation:	
Current:	
Personal services and related benefits	939,955
Operating services	88,496
Travel and other charges	11,314
Capital outlay	4,020
Debt Service	9,358
Total expenditures	<u>1,053,143</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,144)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,045,401</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 1,039,257</u></u>

WEBSTER PARISH ASSESSOR
Minden, Louisiana
GOVERNMENTAL FUND TYPE - GENERAL FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Year Ended December 31, 2003

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Taxes - ad valorem	\$ 901,000	865,178	(35,822)
Intergovernmental revenues -			
state grant - state revenue sharing	151,500	154,008	2,508
Fees, charges, and commissions for service	16,510	23,219	6,709
Use of money and property - interest earnings	4,100	4,594	494
Other revenue	3,500	-	(3,500)
Total revenues	<u>1,076,610</u>	<u>1,046,999</u>	<u>(29,611)</u>
EXPENDITURES			
General government - taxation:			
Current:			
Personal services and related benefits	935,690	939,955	(4,265)
Operating services	112,000	88,496	23,504
Travel and other charges	20,774	11,314	9,460
Capital outlay	-	4,020	(4,020)
Debt service	-	9,358	(9,358)
Total expenditures	<u>1,068,464</u>	<u>1,053,143</u>	<u>15,321</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,146	(6,144)	(14,290)
FUND BALANCE AT BEGINNING OF YEAR	<u>1,045,401</u>	<u>1,045,401</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,053,547</u>	<u>1,039,257</u>	<u>(14,290)</u>

The accompanying notes are an integral part of this statement.

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

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 term of four years, beginning January 1 following the year in which elected. The assessor assesses all real and movable property in the parish, subject to ad valorem taxation, prepares tax rolls, and submits the rolls to the Louisiana Tax Commission and other governmental bodies as prescribed by law. The assessor is authorized to appoint as many deputies as necessary for the efficient operation of his office and to 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.

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, 2003, there are 28,263 real, movable, and public service assessment listings totaling \$163,907,720. The total assessed valuation decreased by \$113,665 for the year ended December 31, 2003.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Webster Parish Assessor have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

A. REPORTING ENTITY

For financial reporting purposes, in conformance with Statement No. 14 of the Governmental Accounting Standards Board, the Webster Parish Assessor includes all

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

funds, account groups, activities, et cetera, that are within the oversight responsibility of the Webster Parish Assessor as an independently elected parish official. The Webster Parish Assessor is considered to be a primary government and is not fiscally dependent on the parish police jury.

B. FUND ACCOUNTING

The assessor uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The assessor's current operations require only the use of governmental funds (General Fund). Ad valorem tax revenue, authorized by Act 17 of 1990, is accounted for in this fund. General operating expenditures are paid from this fund.

C. GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in the General Fund. Fixed assets provided by the police jury are not recorded in the general fixed assets account group. Approximately 87% of fixed assets are valued at actual historical costs, based on the actual costs of like items, while the remaining 13% are based on estimated historical costs. No depreciation has been provided on general fixed assets.

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

D. BASIS OF ACCOUNTING

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for reporting all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when *susceptible to accrual (i.e., when they are both measurable and available)*. "Measurable" means the amount of transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The assessor uses the following practices in recognizing and reporting revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, attached as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax rolls be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees for preparing tax rolls are recorded in the period in which they are earned.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the assessor's account.

Based on the above criteria, ad valorem taxes, state revenue sharing and fees for preparing tax rolls have been treated as susceptible to accrual.

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

Expenditures

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

E. BUDGET PRACTICES

The proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the assessor at the object level of expenditure. Appropriations lapse at year-end and must be approved by the assessor.

Formal budgetary integration is employed as management control device during the year. Budgeted amounts included in the accompanying financial statement include the original adopted amounts and all subsequent amendments.

F. ENCUMBRANCES

The Webster Parish Assessor does not employ the use of encumbrance accounting.

G. CASH & CASH EQUIVILENTS

Cash includes amounts in demand deposits, interest-bearing 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 within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The assessor may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2003, the assessor had cash and cash equivalents (book balances) totaling \$159,165. Investments in time deposits with over 90 day maturities totaled \$113,575 (book balance). These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2003, are secured as follows:

Bank balances	\$ <u>292,018</u>
Federal deposit insurance	\$ 100,000
Pledged securities (uncollateralized)	<u>188,907</u>
Total	\$ <u>288,907</u>
Unsecured funds	\$ <u>3,111</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the assessor, they are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, however, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the assessor that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the assessor's name.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S. 33:2955) and the assessor's investment policy. Under state law, the Webster Parish Assessor may invest in United States bonds, treasury notes, or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. VACATION AND SICK LEAVE

Employees of the assessor's office earn from 10 to 20 days of vacation leave each year, depending on length of service. Vacation leave must be taken in the year earned. Employees earn 5 days of sick leave each year, plus one day of sick leave for each year of service. Sick leave may be accumulated, but lapses upon resignation or retirement.

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken.

J. RISK MANAGEMENT

The assessor is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the assessor maintains commercial insurance policies covering workmen's compensation and surety bond coverage. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the two years ended December 31, 2003.

K. TOTAL COLUMN ON THE BALANCE SHEET

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

2. INVESTMENTS

GASB 9, par. 8 states that for an investment to be considered a cash equivalent, it must mature no more than three months after the date it is purchased. For the year ended December 31, 2003, the Webster Parish Assessor reported a 180 day certificate of deposit in the amount of \$113,575 as an investment. This Certificate of Deposit is secured from risk by \$110,464 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

The market value of the Certificate is equal to the carrying amount as stated above.

3. PRINCIPAL TAXPAYERS

The following are the principal taxpayers for the parish and their 2003 assessed valuation:

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

	2003 Assessed <u>Valuation</u>	Per Cent of Total Assessed <u>Valuation</u>
International Paper Company	\$ 40,359,490	24.62%
International Paper Company	9,775,310	5.96%
Fibrebond Corporation	6,793,350	4.14%
Aeropress Corporation	5,467,467	3.34%
Entergy Services, Inc.	4,385,330	2.68%
XTO Energy	3,643,440	2.22%
Regions Bank	3,250,270	1.98%
El Paso Production	2,870,380	1.75%
BellSouth Telecommunications	2,764,760	1.69%
Calumet Lubricants Co.	<u>2,426,010</u>	<u>1.48%</u>
Total	<u>\$81,735,807</u>	<u>49.86%</u>

4. RECEIVABLES

The General Fund receivables of \$924,113 at December 31, 2003, are as follows:

<u>Class of Receivables</u>	
Taxes - ad valorem	\$797,097
Intergovernmental revenues -	-
state grant - state revenue sharing (net)	101,946
Fees, charges, and commissions for services	24,596
Use of money and property – interest earnings	<u>474</u>
Total	<u>\$924,113</u>

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in offices furnishings and equipment follows:

Balance at January 1, 2003	\$427,468
Additions	4,020
Deductions	<u>(0)</u>
Balance at December 31, 2003	<u>\$431,488</u>

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

6. PENSION PLAN

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

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the system. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of credited service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over 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 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.

Plan members are required by state statute to contribute 8.00 per cent of their annual covered salary and the Webster Parish Assessor is required to contribute at an actuarially determined rate. The current rate is 14 per cent of annual covered payroll. Contributions to the System also include one-fourth of one per cent 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 Webster Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Webster Parish Assessor's contributions to the system for the years ending December 31, 2003, and 2002, were \$91,077 and \$74,467, respectively, equal to the required contributions for each year.

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

Per R.S. 11:1481 2(a), each assessor in the state of Louisiana shall deduct eight percent from the salaries of the assessor and the assessor's employees who are eligible for membership in the Louisiana Assessors Retirement System. Per R.S. 11:1472 (2) (b), the assessor may elect to pay all or a portion of the contributions required per R.S. 11:1481 2(a). For the year ended December 31, 2003, the Webster Parish Assessor elected to pay all contributions as required by R.S. 11:1481 2(a) for the assessor and the assessor's employees. The total paid for the year ended December 31, 2003 and 2002 were \$52,044 and \$51,536.

7. POST RETIREMENT BENEFITS

The Webster Parish Assessor provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the assessor's employees become eligible for these benefits if they reach normal retirement age while working for the assessor. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the assessor. The assessor recognized the cost of providing the benefits (assessor's cost of premiums) as an expenditure when the monthly premiums are paid. For the years ended December 31, 2003 and 2002, the total amount of premiums paid were \$139,881 and \$137,083, respectively, while the amounts paid for retirees totaled \$5,307 and \$5,488, respectively.

8. OPERATING LEASES

The assessor has operating leases of the following nature:

1. IKON telephone equipment – 48 month operating lease beginning in March, 2001 with monthly payments of \$252.
2. Canon 185000 Digital Equipment – 48 month operating lease beginning in June 2002 with monthly payments of \$424.
3. Canon Image Runner 2800 Equipment – 36 month operating lease beginning in January 2002 with monthly payments of \$234.

The minimum annual commitments under noncancelable operating leases are as follows:

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

<u>Year</u>	<u>Payments</u>
2004	\$10,920
2005	6,600
2006	<u>2,544</u>
Total minimum annual commitments	<u>\$20,064</u>

9. CAPITAL LEASES

The assessor has capital leases of the following nature:

1. Cannon color copier – 36 month capital lease beginning August, 2001, interest of 0%, and monthly payments of \$301. The lease contains a bargain purchase option for \$1.

The assets associated with these lease agreements have been recorded as assets and obligations in the accompanying financial statements. Following is a summary of the original lease amounts:

Equipment	<u>\$10,837</u>
-----------	-----------------

Following is a schedule of future minimum lease payments under capital leases as of December 31, 2003:

<u>Year</u>	<u>Payments</u>
2004	<u>1,807</u>
Total minimum annual commitments	<u>\$1,807</u>

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

10. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ending December 31, 2003.

	<u>Notes</u>	<u>Leases</u>	<u>Total</u>
Notes and leases payable at December 31, 2002	\$16,377	5,419	21,796
Notes and leases retired	<u>(9,358)</u>	<u>(3,612)</u>	<u>(12,970)</u>
Notes and leases payable at December 31, 2003	<u>\$7,019</u>	<u>1,807</u>	<u>8,826</u>

11. LITIGATION AND CLAIMS

At December 31, 2003, the Webster Parish Assessor is involved in no pending nor threatened litigation.

12. COOPERATIVE ENDEAVOR AGREEMENT

Effective November 7, 2000, the Webster Parish Assessor entered into a cooperative endeavor agreement with the Webster Police Jury. In exchange for the use of property owned by the Webster Parish Police Jury as a new sight for the Webster Parish Tax Assessor's office, the Assessor paid a \$40,000 reimbursement to the Police Jury and has agreed to be responsible for all renovations, property and building improvements, and utilities of the building. The Police Jury agreed to be responsible for future ordinary maintenance and insurance of the property.

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

HONORABLE KERRY O. BURNS, CLA
WEBSTER PARISH ASSESSOR
Minden, Louisiana

We have audited the general purpose financial statements of the Webster Parish Assessor as of and for the year ended December 31, 2003, and have issued our report thereon dated July 1, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Webster Parish Assessor's general purpose financial statements 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying Financial Statement Findings in Appendix B as items 2003-06, 2003-07, 2003-08, 2003-09, 2003-10, 2003-11, and 2003-12.

Internal Control Over Financial Reporting

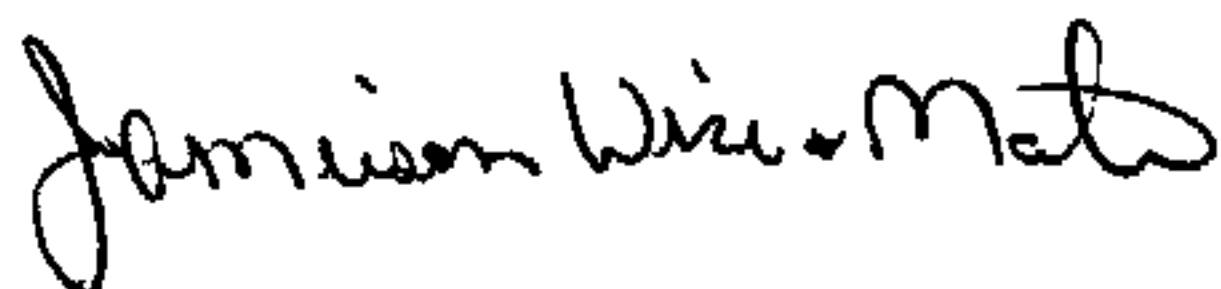
In planning and performing our audit, we considered the Webster Parish Assessor's internal control over financial reporting in order to determine our auditing procedures for

the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Homer's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Financial Statement Findings in Appendix B as items 2003-01 through 2003-12.

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

This report is intended solely for the information and use of the Webster Parish Assessor and management of the assessor's office and is not intended to be and should not be used by anyone other than these specified parties.



Minden, Louisiana
July 1, 2004

Appendix A

Summary of Auditor's Results

WEBSTER PARISH ASSESSOR
Minden, Louisiana

SUMMARY OF AUDITOR'S RESULTS
As of and for the Year Ended December 31, 2003

Financial Statements

Type of auditors Report issued Qualified

Internal control over financial reporting:

Material weadness(es) identified? x YES ___ NO

Reportable condition(s) identified not
considered to be material weaknesses? ___ YES x NO

Noncompliance material to financial statements? x YES ___ NO

Appendix B

Financial Statement Findings

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Current Year Audit Findings
For the Year Ended December 31, 2003

INTERNAL CONTROL OVER FINANCIAL REPORTING

2003-1 Controls over Disbursements

The Assessor needs to improve controls over disbursements. We reviewed 60 disbursements made during the period from January 1, 2003 to December 31, 2003. Our review of these 60 disbursements, including our general observations and inquiries, revealed the following:

- (a) The same employee performs a variety of duties relating to cash disbursements that are incompatible for a proper system of checks and balances. The employee codes the invoices, enters the invoices into the accounting system, prepares and prints the checks, posts the payments to the accounting system, signs the checks, mails the payments, and reconciles the bank statement. Additionally, the same person approves the time reports, inputs the payroll rates into the accounting system, enters the time and attendance records into the accounting system, prepares the payroll journal and payroll checks, prints the payroll checks, distributes the payroll checks, and reconciles the bank account.
- (b) Invoices are not being properly approved by management. 19 out of 60 invoices reviewed were not approved for payment by management.
- (c) Four people are authorized signers on the Assessor's checking account. One signer is the bookkeeper who prepares and signs the checks. All 60 disbursements reviewed were paid by checks signed by the bookkeeper. Another signer is a deputy assessor who has no financial reporting duties or responsibilities. The purpose of this authorization could not be determined.
- (d) Two people have been authorized to obtain and sign for an office credit card, one of which is the bookkeeper.
- (e) Time reports examined were incomplete and inaccurate. Accruals for sick and vacation time were calculated incorrectly and it appears additional days off were taken beyond the time allowed by office policy. Time reports were also not approved by an appropriate member of management.

The Assessor's office should:

- Review all accounts payable disbursements before the checks are signed to ensure payments are properly coded, documentation is complete, and invoices are approved. Dual signatures should be required on all checks. After the checks are signed, they should be mailed by someone independent of disbursement responsibilities.
- Require proper approval of invoices before submission for payment.
- Limit the authorized signers on the bank accounts.
- Restrict authority for obtaining credit.
- Have the proper member of management approve days off to ensure they are in accordance with the policies of the Assessor's office. Management should also review and approve time reports to make sure they are accurate and complete.

2003-2 Controls Over Receivables and Revenue

Certificates of Deposits are not being reconciled in the general ledger when they are renewed. Due to a bank error, interest stopped being paid on a CD as of 08/23/03 and still had not been paid as of 06/24/04, despite the CD being renewed twice between these dates.

The Assessor should reconcile all cash and investment accounts with statements when they are received to ensure proper recognition in the financial statements.

Accounts receivable are not recorded in the general ledger resulting in revenues being reported incorrectly, payments unaccounted for, and late payments. The following was noted during examination of accounts receivables:

- (a) 2002 billings for preparation of tax notices totaled \$8,696. These amounts were not accrued in the financial statements for the year ended December 31, 2002. Additionally, none of these funds were deposited into the Assessor's accounts in 2003. It could not be determined if these funds were ever received.
- (b) None of the entities billed by the Assessor's office for tax assessments, tax notices, and computer usage were recorded in the general ledger as an accounts receivable. There are no procedures in place for accounting for or following up on any amounts billed.
- (c) Accounts receivable are not being rebilled in a timely manner. The Webster Parish Sheriff was billed on 12/20/01 for 2001 computer usage. This amount was never rebilled and payment was not received until 02/14/03. The Sheriff was also billed on 12/02/02 for 2002 computer usage. They were not billed

again for the same period until a year later on 12/11/03. Payment for this bill was subsequently received in 03/16/04.

- (d) Documentation for accounts receivable is incomplete. None of the invoices examined contained management's signature.

The Assessor's office should establish procedures to ensure that all invoices are recorded in the general ledger. Final copies of invoices sent out that include management's signature should be made a part of the documentation kept for all accounts receivables. Monthly statements should be sent out for unpaid amounts and receipts should be reconciled with the billings to ensure timely recording in the financial statements.

2003-3 Timely Deposits

Deposits of revenues are not being deposited or recorded in the general ledger in a timely manner. Cash and checks, totaling \$610.25, collected from charges for copies of maps from July to October 2003 for \$610.25 were not deposited and recorded in the general ledger until April 2004. Any amounts collected from January through June 2003 for charges could not be estimated or located.

The 2003 receipts for preparation of tax notices billed in December totaling \$6,985 were also not deposited in a timely manner. Per confirmations and copies of checks, the checks were dated for the beginning of December but were not deposited until January. It was noted that other checks received at the same time and from the same entities were deposited on 12/11/03. According to employees, the checks were being held by management.

The Assessor's office should establish procedures for the immediate deposit of revenues received and for ensuring they are properly recorded in the general ledger. Revenues received should be reconciled and recorded daily. Cash received should be reconciled with copies of cash receipts and other receipts should be reconciled with billings. Deposits should be made on a daily basis when practicable.

2003-4 Review of Monthly Financial Statements and Budget

Monthly financial statements and budget comparisons are not reviewed by management. Management does not have access to the general ledger or any other financial information. It is also questionable as to whether management receives all of the incoming financial information for the office through the mail.

The Assessor's office should establish procedures to ensure that all financial documents are available and accessible by management for review. Management should be the one to determine who has access to financial information. Management should also take steps

to make sure that all incoming mail is given to the appropriate people. Financial statements and budget comparisons should be reviewed on a monthly basis to determine, at a minimum, financial position and budget compliance.

2003-5 Compliance with Office Policies

Retirement contributions paid for by the Assessor totaling \$6,339 were calculated and submitted for sick time taken contrary to office policy. The Assessor's office policy clearly states "Sick leave does not count toward retirement".

The Assessor should evaluate the current office policy to determine if changes need to be made. Formal policies and procedures are necessary in order for employees to have a clear understanding of management's expectations.

COMPLIANCE WITH LAWS AND REGULATIONS

2003-6 Prepaid Salaries

The Assessor's office may have violated Louisiana's Constitution and state law by paying salaries for work that was yet to be performed and allowing compensated days off beyond that outlined by office policy. Article VII, Section 14(A) of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. R.S. 14:138(A) provides that public payroll fraud is committed when any person shall knowingly receive any payment or compensation, or knowingly permit his name to be carried on any employment list or payroll for payment or any compensation by the state, for services not actually rendered by himself, or for services grossly inadequate for the payment or compensation received or to be received according to such employment list or payroll.

The Assessor's office issued payroll checks dated 01/01/04 sometime in December 2003 prior to the Christmas holiday. These paychecks were for services to be performed 01/01/04 to 01/15/04. As a result, prepaid salaries totaling \$19,030 were recorded in the financial statements.

During examination of payroll records, it was noted that three employees took additional compensated time off totaling 18.5 days above what was allowed by the Assessor's office employment policy.

The Assessor's office should take steps to correct the pay periods so that payments made to employees are for work already performed. Additionally, the Assessor should evaluate the compliance of office personnel with the established employment policies of the Assessor's office.

2003-7 Fixed Assets Inventory

Detailed general fixed asset records for equipment are not current and a physical inventory of the assets was not conducted. R.S. 25:515(B)(1) requires the Assessor to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets which were purchased or otherwise acquired. The records should include information as to the date of purchase of such property or equipment and the initial cost. R.S. 39:324 requires the assessor to take a complete physical inventory of the property once each fiscal year.

The Assessor's listing of general fixed assets is not current or complete. A physical inventory was not conducted in 2003. Additionally, assets totaling \$4,020 purchased during 2003 were not added to the general fixed asset listing.

The Assessor should (1) define assets that will be inventoried, including the minimum value for inclusion on the list of fixed assets; (2) prepare a detailed list of fixed assets that includes the date of purchase, the initial cost, and an accurate description of the item; (3) and take a physical inventory at least annually and follow up on items not recorded during the year.

2003-8 Annual Reporting Requirements

Required annual reports were not filed with the proper governing authorities. R.S. 42:283 requires the Assessor to furnish annually to the governing authority and the clerk of court of the parish, a written itemized report showing the expenditures made by their office. R.S. 42:285 requires the report to include the names of all deputies, employees, and officers for the preceding year and shall show the total salary or compensation paid to each of them during the year. R.S. 42:286 requires the report be made within 30 days after the close of the fiscal year.

For the year ended December 30, 2003, the required report was not provided to the police jury or the clerk of court.

The Assessor should take steps to make sure that all reporting requirements of the state are complied with.

2003-9 Audited Submission of Financial Statements

The audited financial statements for the year ended December 31, 2003 were not submitted to the legislative Auditor within six months of the close of the fiscal year. R.S. 24:513A(5)(a) requires that audited financial statements be submitted to the Louisiana Legislative Auditor within six months of the close of the Assessor's fiscal year.

The audited financial statements for the year ended December 31, 2003 were not submitted within six months of the close of the fiscal year. The Louisiana Legislative Auditor conducted an investigative audit of the Assessor's office and issued a report dated June 2, 2004. Due to the findings disclosed in the investigative audit, the financial statement audit could not be properly planned and completed within the six month time frame.

2003-10 Security for Deposits

At December 31, 2003 the funds on deposit were unsecured by \$3,111. R. S. 39:1225 states the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

Management should request quarterly from the bank a detail of the securities pledged and ensure all funds are one hundred percent secured.

2003-11 Use of general Fixed Assets

The Assessor's office may have violated state law by having assets stored at employee personal residences. Article VII, Section 14(A) of the Louisiana Constitution of 1974 provides that the funds, credit, property, or things of value of the state or of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Based on the Legislative Auditor's report dated June 2, 2004 a 4-wheeler and trailer purchased in 2000 was kept at an employee's home. There appears to be no public purpose for owning this asset.

In November 2003 a dell laptop was purchased and kept at an employee's home. While conducting the audit observation of assets, we noted that this computer was in the possession of an employee who was on unpaid administrative leave.

R.S. 42:121 provides, in part, that automobiles, trucks, or other vehicles belonging to the state or to any of its political subdivisions shall bear a public license plate and shall be inscribed, painted, decaled, or stenciled with the name of the board, commission, department, agency, or political subdivision to which it belongs.

The assessor's office should ensure all assets are tagged in a manner to display ownership of the assessor's office. All assets should be maintained by the assessor's office. A log should be maintained of assets checked out when worked needs to be done outside the office showing date asset taken and when returned. Also, the assessor's office should

comply with Louisiana law by placing public license plates and other required markings on all its vehicles.

2003-12 Public Access to Records

The assessor's office may have violated proper access to public record requests in 3 instances.

R.S. 44:1-43 is the law that applies to any person having a right to copy or obtain a copy of a public record. The law states, in part, in R.S. 44:33 if the public record applied for is not immediately available, the custodian shall promptly certify this in writing to the applicant and fix a day and hour within three days for the exercise of the right.

Requests for copies, of all banking records from January 1, 2001 through September 2003, including, but not limited to a listing of each separate account, the name of the said account, the date that the account was opened, a listing of the authorized signatory for each account and copies of all bank statements, canceled checks, deposit slips, and debit or credit memorandums, were made. One request was on October 6, 2003 and another on October 7, 2003.

A response from the assessor's office was mailed to the citizens on October 13, 2003 stating a charge at .50 cents a page and that the records would be available no more than 15 days after payment was made.

There was a third request on October 23, 2003 requesting the same set of records, as listed above in paragraph 2, and copies of the budgets for 2002-2003. A response from the assessor's office was mailed on October 29, 2003 stating a charge at .50 cents a page and the records would be available no more than 15 days after payment was made. This citizen again sent a request on November 3, 2003 requesting immediate inspection of various public documents.

On November 5, 2003 the assessor's office employee responded to the citizen that he had three options available to him:

1. Upon receipt of a letter from the Assessor, Kerry Burns, giving us permission to show you the records, you may inspect the records which are public;
2. You may hire a CPA to come into the office and check the records;
3. You may pay the amount quoted in the last letter to you and copies of the records which are public will be furnished to you; Please inform us which option you will be exercising and we will set up an appointment time for you.

The above options do not appear to adhere to the rights in R.S. 44:1-33 of a citizen to inspect the public records. Also the requests on October 6&7 were not responded to within the 3 days as required by R.S. 44:33.

Appendix C

Schedule of Prior Audit Findings

WEBSTER PARISH ASSESSOR
Minden, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2003

The prior year audit findings for the year ended December 31, 2002, were as follows:

Section I – Internal Control and Compliance Material to the Financial Statements

In connection with the audit of the general purpose financial statements as of and for the year ended December 31, 2002, of the Webster Parish Assessor, there were no items required to be reported in accordance with *Government Auditing Standards*.

Section II – Internal Control and Compliance Material to Federal Awards

In connection with the audit of the general purpose financial statements as of and for the year ended December 31, 2002, of the Webster Parish Assessor, there were no items required to be reported in accordance with *OMB Circular A-133*.

Section III – Management Letter

REF NO 2002-01 – Reporting Requirements – Initially Occurred 2002 -La Rev Stat 42:283-286 require annual reporting to the governing authority and clerk of court. For year end December 31, 2003 there is a similar finding numbered 2003-08.

Appendix D

Management's Corrective Action Plan and Responses

**Management's Corrective Action Plans and
Responses to the Financial Statement Findings
For the Year Ended December 31, 2003**

2003-01 Control over Disbursements

Management agrees with the needed improvements in controls over disbursements. Prior to completion of the audit, the recommendations have been addressed and procedures put in place to correct the control deficiencies.

2003-02 Controls over Receivables and Revenue

Management will begin reconciliation procedures to ensure all cash and certificates of deposits are reconciled with the general ledger. Accounts receivable will be entered into the general ledger for tax roll and tax notice billings so subsequent follow-ups of unpaid revenue can be monitored instead of entering upon receipt.

2003-03 Timely Deposits

All staff has been informed of the necessity of daily deposits. Also by entering receivables in item 2003-02 above all deposits will be accounted for in a timely manner.

2003-04 Review of Financial Statements and Budget

Management has instituted policies so that all appropriate mail is routed to the correct person. Management has also, as stated in 2003-01 above, instituted policies to ensure review of disbursements. Management will begin receiving monthly financial and budget information from the bookkeeper.

2003-05 Compliance with Office Policies

Management will review all office policies and update those that are not applicable. Upon review by management of policies, all employees will be informed and instructed to review the office policies.

2003-06 Prepaid Salaries

Per management, pay periods have been set for the 15th and the 30th of each month. No check will be issued for payroll prior to these dates.

2003-07 Fixed Asset Inventory

Management will begin the process to conduct a physical inventory and tag all appropriate assets. Assets of no public use will be sold under the proper procedures.

2003-08 Annual Reporting Requirements

The information in R.S. 42:283 has never been requested by the local police jury. Management will work closely with the parish police jury and clerk of court and will adhere to any request of information made by the governing bodies.

2003-09 Audited submission of financial statements.

Management concurs with finding.

2003-10 Security for Deposits

Management will attempt to at least quarterly inspect the pledged securities in conjunction with the financial statement reviews mentioned in 2003-04 above.

2003-11 Use of General Fixed Assets

A log of all assets will be maintained after completion of the inventory in item 2003-07 above. Any items needed for work outside the office will be checked out, showing the date taken and when returned and by which employee. All assets deemed unnecessary to the Assessor's office will be dispensed with according to state law.

2003-12 Public Access to Records

Management intends to review the public access records law with all employees so everyone is made aware of the requirements.



Doris Cheatham
Tax Assessor

August 6, 2004