

**CADDO PARISH TAX ASSESSOR
SHREVEPORT, LOUISIANA
DECEMBER 31, 2005**

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

Release Date 6-14-06

CADDO PARISH TAX ASSESSOR

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
Management's Discussion and Analysis (Unaudited)	1-3
Audited Component Unit Financial Statements:	
Independent Auditor's Report	4-5
Government-Wide Financial Statements	
Statement of Net Assets	6
Statement of Activities	7
Fund Financial Statements:	
Balance Sheets-All Fund Types	8
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Financial Statement of Net Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund Type	10
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Change in Net Assets of Governmental Activities	11
Statement of Fiduciary Net Assets	12
Statement of Changes in Fiduciary Net Assets	13
Notes to Financial Statements	14-21
<u>REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)</u>	
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-Governmental Fund Type	22
Notes to Budgetary Comparison Schedule	23
<u>OTHER FINANCIAL INFORMATION</u>	
Employees' Salaries Paid by the Caddo Parish Tax Assessor	24-25

CADDO PARISH TAX ASSESSOR

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
<u>OTHER REPORTS</u>	
Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Schedule of Findings and Questioned Costs	27
Schedule of Prior Year Findings	28

MANAGEMENT'S DISCUSSION AND ANALYSIS

CADDO PARISH TAX ASSESSOR

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents readers of the financial statements of the Caddo Parish Tax Assessor's Office with a narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2005. It is intended to serve as an introduction to the basic financial statements of the Caddo Parish Tax Assessor, which statements consist of government-wide financial statements, fund financial statements, notes thereto, and other financial information.

Financial Highlights

The financial statements of the Assessor present the financial transactions of the Assessor's office. The Assessor assesses all real and movable property in the parish subject to ad valorem taxation. In accordance with Louisiana law, the Assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

Total assets increased by \$443,145, or 208%. This is due to the Assessor's office having an excess of revenue over expenditures for the current year and the purchase of a computer system. Total liabilities increased by \$110,561. This was mainly due to the financing of the purchase of the computer system during the year.

Revenues for the current year exceeded prior year's revenues by \$389,008, which is due to an increase in property tax revenue and interest income. Expenditures increased by \$80,149 from the prior year. This is due mainly to an increase in insurance expense and an increase in depreciation expense.

Capital assets had an increase of \$182,977, which is additional assets purchased during the year, and decreases in the amount of \$38,861. This was due to fixed assets with a book value of \$254 being transferred to the Caddo Parish Commission for auction and depreciation expense of \$38,607.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on Pages 6 and 7) provide information about the activities of the Assessor as a whole. Fund financial statements start on Page 8. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Assessor's operations in more detail than the government-wide statements by providing information about the Assessor's most significant funds. The Assessor is a component unit of the Parish of Caddo, Louisiana. The accompanying financial statements present information only on the funds maintained by the Assessor.

Reporting the Funds Maintained by the Assessor as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the funds maintained by the Assessor as a whole begins on Page 7. The Statement of Net Assets and the Statement of Activities report information about the funds maintained by the Assessor as a whole and about its activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Assessor's *net assets* and changes in them. The Assessor's net assets – the difference between assets and liabilities – is one way to measure the Assessor's financial health, or *financial position*. Over time, *increases or decreases* in the Assessor's net assets are one indicator of whether its financial health is improving or deteriorating.

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

THE FUNDS MAINTAINED BY THE ASSESSOR AS A WHOLE

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

**Table 1
Net Assets**

	Government-Wide Activities <u>2005</u>	Government-Wide Activities <u>2004</u>
Cash and cash equivalents	147,181	67,381
Investments	315,497	101,400
Accrued interest receivable	5,133	-
Capital assets, net of accumulated depreciation	<u>188,262</u>	<u>44,147</u>
Total assets	656,073	212,928
Liabilities	<u>165,442</u>	<u>54,881</u>
Total liabilities	165,442	54,881
Net assets:		
Invested in capital assets, net of related debt	64,049	44,147
Unrestricted	<u>426,582</u>	<u>113,900</u>
Total net assets	<u>490,631</u>	<u>158,047</u>

Net assets of the funds maintained by the Assessor increased by \$332,584 or 210%.

**Table 2
Change in Net Assets**

	Government-Wide Activities <u>2005</u>	Government-Wide Activities <u>2004</u>
Revenues		
Caddo Assessment District	2,559,979	2,224,105
State revenue sharing	109,947	102,493
Other	<u>147,321</u>	<u>101,641</u>
Total revenues	2,817,247	2,428,239

**Table 2
Change in Net Assets**

	Government-Wide Activities <u>2005</u>	Government-Wide Activities <u>2004</u>
Expenses		
General governmental	<u>2,484,663</u>	<u>2,404,514</u>
Increase in net assets	<u>332,584</u>	<u>23,725</u>

For the funds maintained by the Assessor, total revenues increased \$389,008 in 2005, from total revenues in 2004 of \$2,428,239. The increase was the result of an increase in property tax revenue and interest income.

CAPITAL ASSETS

During 2004, the Assessor adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation. This resulted in a change in the format and content of the basic financial statements. At the end of 2004, the Assessor had invested \$887,062 in capital assets from those funds maintained by the Assessor, with a net book value of \$44,147. At the end of 2005, the Assessor had invested \$1,032,943 in capital assets with a net book value of \$188,262.

**Table 3
Capital Assets At Year End**

	Government-Wide Activities <u>2005</u>	Government-Wide Activities <u>2004</u>
Furniture, office equipment and GIS equipment	241,347	267,019
Computer equipment	<u>791,596</u>	<u>620,043</u>
	1,032,943	887,062
<u>Less-accumulated depreciation</u>	<u>(844,681)</u>	<u>(842,915)</u>
Capital assets, net	<u>188,262</u>	<u>44,147</u>
 Major additions included:		
Computer equipment	176,406	18,693
Furniture, office equipment and GIS equipment	<u>6,571</u>	<u>2,792</u>
Total	<u>182,977</u>	<u>21,485</u>

Requests for Information

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

AUDITED COMPONENT UNIT FINANCIAL STATEMENTS

**HEARD
McELROY
& VESTAL**
LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDREDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

January 25, 2006

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

Independent Auditor's Report

We have audited the component unit financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Parish Tax Assessor, a component unit of the Caddo Parish Commission, as of December 31, 2005, and for the year then ended, as listed in the table of contents. These component unit financial statements are the responsibility of the Caddo Parish Tax Assessor management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Parish Tax Assessor as of December 31, 2005, 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 *Government Auditing Standards*, we have also issued a report dated January 25, 2006, on our consideration of the Assessor's internal control over financial reporting, and on its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplemental information, consisting of management's discussion and analysis on Pages 1 through 3, and budgetary comparison information on Pages 22 through 23, is not a required part of the basic financial statements but is supplementary information required by accounting principles

generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying other financial information, consisting of the schedule of employees' salaries paid by the Caddo Parish Tax Assessor on Pages 24 through 25, is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Caddo Parish Tax Assessor. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as whole.

Heard, McElroy & Vestal, LLP

CADDO PARISH TAX ASSESSOR

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	147,181
Investments, at cost	315,497
Accrued interest receivable	5,133
Furniture, office equipment and GIS equipment, net of accumulated depreciation	17,928
Computer equipment, net of accumulated depreciation	<u>170,334</u>
Total assets	<u>656,073</u>
 <u>LIABILITIES AND NET ASSETS</u>	
<u>Liabilities:</u>	
Accounts payable and accrued expenses	4,010
Deferred revenue	37,219
Capital lease obligation payable-current portion	27,749
Long-term capital lease obligation, less current portion	<u>96,464</u>
Total liabilities	165,442
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	64,049
Unrestricted	<u>426,582</u>
Total net assets	<u>490,631</u>
Total liabilities and net assets	<u>656,073</u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Activities</u>
<u>Program revenue:</u>	
Caddo Assessment District	2,559,979
State revenue sharing	109,947
Charges for services	108,259
Interest income	38,892
Miscellaneous	170
Total revenue	<u>2,817,247</u>
<u>Expenses:</u>	
Insurance	482,140
General office expense	41,460
Professional fees	49,681
Equipment maintenance	41,449
Postage	22,567
Education and travel	18,161
Automobile	59,390
Office forms	12,829
Office supplies	21,520
Interest expense	5,062
Salaries	1,481,834
Retirement fund expense	209,709
Depreciation	38,607
Book value of assets retired	254
Total expenses	<u>2,484,663</u>
<u>Change in net assets</u>	332,584
<u>Net assets-beginning of year</u>	<u>158,047</u>
<u>Net assets-end of year</u>	<u>490,631</u>

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

CADDO PARISH TAX ASSESSOR
BALANCE SHEETS-ALL FUND TYPES
DECEMBER 31, 2005

<u>ASSETS</u>	<u>Governmental Fund Type</u> <u>Salary and Expense Fund</u>	
	<u>2005</u>	<u>2004</u>
Cash and cash equivalents-Note 3	147,181	67,381
Investments, at cost-Note 4	315,497	101,400
Accrued interest receivable	<u>5,133</u>	<u>-</u>
Total assets	<u>467,811</u>	<u>168,781</u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>Liabilities:</u>		
Accounts payable and accrued expenses	4,011	6,973
Deferred revenue-Note 9	<u>37,219</u>	<u>47,908</u>
Total liabilities	41,230	54,881
<u>Fund equity:</u>		
Fund balance-unreserved and undesignated	<u>426,581</u>	<u>113,900</u>
Total liabilities and fund equity	<u>467,811</u>	<u>168,781</u>

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

CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE

GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Total fund balance for the governmental fund	426,581	113,900
Cost of capital assets, less accumulated depreciation	188,262	44,147
Capital lease obligation payable, current and long-term	<u>(124,212)</u>	<u>-</u>
Total net assets of the governmental activities	<u>490,631</u>	<u>158,047</u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2005

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED

DECEMBER 31, 2004

	<u>Governmental Fund Type</u>	
	<u>Salary and Expense Fund</u>	
	<u>2005</u>	<u>2004</u>
<u>Revenues:</u>		
Caddo Assessment District-Note 2	2,559,979	2,224,105
State revenue sharing-Note 9	109,947	102,493
Charges for services	108,259	88,639
Interest income	38,892	12,847
Proceeds from debt	146,414	-
Miscellaneous	<u>170</u>	<u>155</u>
Total revenues	2,963,661	2,428,239
<u>Expenditures:</u>		
Insurance	482,140	419,358
General office expense	41,460	36,956
Professional fees	49,681	38,403
Equipment maintenance and purchases	224,426	90,618
Postage	22,567	36,158
Education and travel	18,161	13,691
Automobile	59,390	53,991
Office forms	12,829	12,496
Office supplies	21,520	16,853
Salaries-assessor	93,090	93,090
Salaries-deputies	1,358,460	1,346,020
Salaries-other	30,284	29,174
Retirement fund expense-Note 6	209,709	204,545
Debt service:		
Principal	22,201	-
Interest	<u>5,062</u>	<u>-</u>
Total expenditures	<u>2,650,980</u>	<u>2,391,353</u>
<u>Excess of revenue over expenditures</u>	312,681	36,886
<u>Beginning fund balance</u>	<u>113,900</u>	<u>77,014</u>
<u>Ending fund balance</u>	<u>426,581</u>	<u>113,900</u>

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

CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Net change in fund balance-governmental fund	312,681	36,886
Debt service-proceeds	(146,414)	-
Debt service-principal payments	22,201	-
Equipment purchases	182,977	21,485
Depreciation expense	(38,607)	(18,386)
Book value of assets retired	<u>(254)</u>	<u>(16,260)</u>
Change in net assets of governmental activities	<u>332,584</u>	<u>23,725</u>

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

CADDO PARISH TAX ASSESSOR
STATEMENT OF FIDUCIARY NET ASSETS

DECEMBER 31, 2005

ASSETS

Investment in deferred compensation-Note 12	<u>806.687</u>
---	----------------

NET ASSETS

Net assets	<u>806.687</u>
------------	----------------

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

DECEMBER 31, 2005

Balance beginning of year		769,495
<u>Increases:</u>		
Contributions	66,251	
Earnings on investments	<u>36,582</u>	102,833
<u>Decreases:</u>		
Withdrawals	64,041	
Administrative fees	<u>1,600</u>	<u>65,641</u>
Balance end of year		<u>806,687</u>

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

CADDO PARISH TAX ASSESSOR

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2005

Introduction

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

The assessor's office is located in the Caddo Parish Courthouse in Shreveport, Louisiana. The assessor employs 59 employees, including 45 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, 2005, there are 133,562 real property and movable property assessments totaling \$1,080,058,350 and \$321,708,800, respectively. This represents an increase of 908 assessments with an increase totaling \$37,784,870 in value over the prior year. The increase in the number of assessments is due primarily to new construction and new business establishments.

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The financial statements include:

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

1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is identified by function and is included in the direct expense of each function. Program revenues include 1) fees, fines, and charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Caddo Parish Commission is the financial reporting entity for Caddo Parish. The financial reporting entity consists of (a) the primary government (commission), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caddo Parish Commission for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the commission to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the commission.
2. Organizations for which the commission does not appoint a voting majority but are fiscally dependent on the commission.

1. Summary of Significant Accounting Policies (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the assessor is fiscally dependent on the commission, the assessor was determined to be a component unit of the Caddo Parish Commission, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the assessor and do not present information on the commission, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

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 to aid financial management by segregating transactions relating to certain government functions or activities.

Governmental Funds

Governmental funds account for all or most of the Assessor's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Assessor. The following are the Assessor's governmental funds:

1. Salary and Expense Fund as provided by Louisiana Revised Statute 47:1906, is the principal fund of the assessor and accounts for the operation of the assessor's office. Compensation received from the various taxing bodies prescribed by formula in Louisiana Revised Statutes 47:1907-08 is accounted for in this fund. General operating expenditures are paid from this fund.
2. The Pension Trust Fund, which is a fiduciary fund type, accounts for assets held which are for employees who defer a portion of their compensation. Fiduciary funds are custodial funds (assets equal liabilities); therefore, they do not involve measurement of operations. There are two deferred compensation plans available to the employees. One is administered by the National Association of Counties, and the other is administered by Security Benefit Group of Companies. All assets of the plan are reported at fair market value. Plan assets remain the property of the Assessor until paid or made available to participants.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Salary and Expense Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of the Salary and Expense Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the Salary and Expense Fund. The Salary and Expense Fund uses the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets.

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Budgets and Budgetary Accounting

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

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

Cash and Cash Equivalents and Investments

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

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

Capital Assets

During 2004, the Assessor adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation. This resulted in a change in the format and content of the basic financial statements.

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

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

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

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

Vacation and Sick Leave

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

Risk Management

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

2. **Levied Taxes**

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

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

The total taxes assessed by the Caddo Assessment District were \$2,621,763 for the year ended December 31, 2005. For 2005, \$2,531,425 in taxes were collected, and \$2,307 were refunded to taxpayers. Approximately 96.5% of the taxes assessed were collected for 2005 and the assessor believes that the remaining 3.5%, \$90,338, will never be collected mainly as a result of bankruptcies and protested taxes.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Caddo Assessment District	2.53	2.53

The following are the principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Southwestern Electric Power	Utility-electric	61,759,750	4.41%
Bell South	Utility-phone	27,992,130	2.00%
General Motors	Manufacturer	27,300,160	1.95%
Sam's Town	Gaming	17,762,390	1.27%
Universal Oil Products	Manufacturer	14,435,840	1.03%
Hibernia National Bank	Bank	13,045,800	0.93%
AmSouth Bank	Bank	11,097,860	0.79%
Wal-Mart	Retail	9,803,150	0.70%
Boomtown	Gaming	8,088,490	0.58%
CenterPoint Energy	Utility-gas	7,386,630	0.53%
		<u>198,672,200</u>	<u>14.19%</u>

3. **Cash and Cash Equivalents**

At December 31, 2005, the assessor has cash and cash equivalents as follows:

Commercial interest checking	<u>147,181</u>
------------------------------	----------------

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent.

4. **Investments**

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

	<u>Rate of Interest</u>	<u>Salary and Expense Fund</u>
Hibernia National Bank	3.55%	102,708
Hibernia National Bank	3.45%	100,742
Community Bank	3.63%	<u>112,047</u>
		<u>315,497</u>

The investments are in the name of the Assessor and are held at the financial institutions. The certificates of deposit are either fully insured or collateralized by securities held in the Assessor's name.

5. **Changes in Capital Assets**

A summary of changes in capital assets and depreciation activity for the year ended December 31, 2005 is as follows:

	<u>Furniture, Office Equipment and GIS Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Balance January 1, 2005	267,019	620,043	887,062
Additions	6,571	176,406	182,977
Deletions	<u>(32,243)</u>	<u>(4,853)</u>	<u>(37,096)</u>
Balance December 31, 2005	241,347	791,596	1,032,943
<u>Less-accumulated depreciation</u>	<u>(223,419)</u>	<u>(621,262)</u>	<u>(844,681)</u>
Capital assets, net	<u>17,928</u>	<u>170,334</u>	<u>188,262</u>

6. **Pension Plan**

Substantially all employees of the Caddo Parish Tax Assessor's office are members of the Louisiana Assessors Retirement System, a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees.

6. Pension Plan (Continued)

All full-time employees 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 any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent 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 by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, P. O. Box 14699, Baton Rouge, Louisiana 70898-4699, or by calling (800) 925-4446.

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish including the homestead exemption plus revenue sharing funds appropriated by the legislature. State statute requires plan members to contribute 8% of their annual covered salaries to the System. 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 Caddo Parish Tax Assessor's contributions to the System for the years ending December 31, 2005 and 2004 were \$209,709 and \$204,545, respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits

The Assessor pays 100% of retirees' medical and life insurance premiums and 50% of the retirees' dependent medical coverage. The eligibility requirement is that the former employee must have met the requirements of the retirement system. These requirements are at least twelve years of covered service and at least fifty-five years of age or thirty years of service. The employer's contributions are financed on a pay-as-you-go basis. The number of participants currently eligible to receive benefits is fourteen. Retirees' medical and life insurance premiums paid during 2005 were \$97,500.

8. Leases

The Caddo Parish Tax Assessor has three operating lease agreements for automobiles and office equipment. Two leases are for 36-month terms, and one is for 60 months. During 2005, total payments under these leases were \$19,008.

The following is a schedule of future minimum rental payments required under the operating leases as of December 31, 2005:

2006	10,205
2007	5,380
2008	5,380
2009	5,380
2010	4,932
	<u>31,277</u>

9. **Deferred Revenue**

The balance of deferred revenue is state revenue sharing funds received prior to year end which were attributable to the year ended December 31, 2006.

10. **Litigation**

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

11. **Capital Lease Obligation**

The Caddo Parish Tax Assessor records items under capital leases as an asset and an obligation in the accompanying financial statements. The following is an analysis of capital leases:

	<u>Recorded Amount</u>
Computer equipment	\$146,414

The following is a schedule of future minimum lease payments as of December 31, 2005, together with the present value of the net minimum lease payments:

2006	32,715
2007	32,715
2008	32,715
2009	32,715
2010	<u>5,453</u>
	136,313
<u>Less-amounts representing interest</u>	<u>12,100</u>
Present value of net minimum lease payments	<u>124,213</u>

12. **Deferred Compensation**

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

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL-GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Type</u>		Variance
	<u>Salary and Expense Fund</u>		Favorable
	<u>Actual</u>	<u>Budget</u>	<u>(Unfavorable)</u>
<u>Revenues:</u>			
Caddo Assessment District	2,559,979	2,621,763	(61,784)
State revenue sharing	109,947	105,000	4,947
Interest income	38,892	11,000	27,892
Other revenues	<u>254,843</u>	<u>76,667</u>	<u>178,176</u>
Total revenues	2,963,661	2,814,430	149,231
<u>Prior year surplus</u>	113,900	113,900	-
<u>Expenditures:</u>			
Insurance	482,140	552,300	70,160
General office expense	41,460	48,949	7,489
Professional fees	49,681	53,000	3,319
Equipment maintenance and purchases	224,426	184,660	(39,766)
Mapping	-	468	468
Postage	22,567	37,895	15,328
Education and travel	18,161	25,200	7,039
Automobile	59,390	73,700	14,310
Office forms	12,829	21,366	8,537
Office supplies	21,520	33,647	12,127
Salaries	1,481,834	1,650,000	168,166
Retirement fund expense	209,709	255,000	45,291
Debt service	<u>27,263</u>	-	<u>(27,263)</u>
Total expenditures	<u>2,650,980</u>	<u>2,936,185</u>	<u>285,205</u>
<u>Fund balance (deficit):</u>			
December 31, 2005	<u>426,581</u>	<u>(7,855)</u>	<u>434,436</u>

CADDO PARISH TAX ASSESSOR

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE YEAR ENDED DECEMBER 31, 2005

(Unaudited)

1. Budget

Refer to Note 1 of the government-wide financial statements for details regarding the budget process. The budget presented on Page 22 is the original budget.

2. Excess of Expenditures over Budget

Actual expenditures exceeded budgeted expenditures as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
Salary and Expense Fund:			
Equipment maintenance and purchases	184,660	224,426	(39,766)
Debt service	-	27,263	(27,263)

The unfavorable variance in equipment maintenance and purchases was attributable mainly to the Assessor replacing the computer system during the year. The unfavorable variance in debt service was the capital lease obligation due to the purchase of the computer system.

OTHER FINANCIAL INFORMATION

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2005

(Unaudited)

<u>NAME</u>	<u>NO. YEARS SERVICE</u>		<u>POSITION HELD</u>	<u>SALARY</u>
<u>ASSESSOR</u>				
Charles R. Henington, Jr.	19 yrs.	8 mos.	Assessor	93,090
<u>DEPUTIES</u>				
Fannie M. Allen	6 yrs.	9 mos.	Abstract Specialist I	22,550
Larry W. Arnold	27 yrs.	10 mos.	Senior Systems Analyst	60,144
Alice G. Bagley	28 yrs.	2 mos.	Senior Data Assistant	26,114
Linda B. Botelho	6 yrs.	5 mos.	Abstract Specialist I	21,350
John O. Breen	14 yrs.	8 mos.	Supervisor	29,270
Mary L. Brummer	24 yrs.	4 mos.	Administrative Officer	36,328
René S. Burk	26 yrs.	9 mos.	Accounts Payable	33,885
Margaret Burns	4 yrs.	8 mos.	Supervisor	27,645
Mary Ann Carmer	18 yrs.	10 mos.	Data Assistant II	24,050
Dorsey B. Cleveland	16 yrs.	10 mos.	Supervisor	31,310
Ronald L. Cox	23 yrs.	11 mos.	Senior Field Data Collector	35,060
Theresa N. Edwards	29 yrs.	11 mos.	Abstract Specialist I	23,864
Treva Faircloth	5 yrs.		Supervisor	25,125
Sandra C. Gilliam	27 yrs.	7 mos.	Real Estate Assistant II	23,966
Leslie Y. Glover	26 yrs.	4 mos.	Homestead Assistant I	23,786
Mattie W. Goodwin	22 yrs.	10 mos.	Office Assistant	18,036
Clarinda Gay Henderson	25 yrs.	10 mos.	Field Auditor II	32,150
Jane E. Holland	18 yrs.	10 mos.	Field Auditor II	27,820
Lester M. Jackson	29 yrs.	11 mos.	Supervisor	33,165
Etta Mae Johnson	11 yrs.	11 mos.	Real Estate Evaluator II	24,308
Gregory F. Johnson	21 yrs.	3 mos.	Department Director	40,190
Anthony Q. Jones	14 yrs.		Field Data Collector I	24,700
Frances Lawrence	12 yrs.	3 mos.	GIS Technician I	25,221
James R. Lewis	8 yrs.	8 mos.	Field Data Collector II	25,740
Neill S. Matthews	22 yrs.	8 mos.	Chief Fiscal Officer	40,490
Joe D. Maxwell	12 yrs.	11 mos.	Supervisor	31,790
Beverly I. McConnell	26 yrs.	5 mos.	Homestead Assistant I	23,510
Vicki W. McConnell	20 yrs.	7 mos.	Receptionist	27,180
Julia Dorry McDonald	23 yrs.	10 mos.	Supervisor	30,563
Richard Alan Moore	27 yrs.	8 mos.	Senior Systems Analyst	60,444
Audrey R. Newton	26 yrs.	5 mos.	Real Estate Assistant I	23,288
Randy C. Passaniti	30 yrs.		Department Director	38,750
John Louis Peck, Jr.	3 yrs.	3 mos.	Field Auditor I	19,670
Catha C. Richmond	7 yrs.	4 mos.	Abstract Specialist I	18,979

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>NAME</u>	<u>NO. YEARS SERVICE</u>		<u>POSITION HELD</u>	<u>SALARY</u>
<u>DEPUTIES</u> (Continued)				
Hardy I. Teer	17 yrs.	10 mos.	Department Director	37,790
Sarah J. Terrell	29 yrs.	11 mos.	Supervisor	32,990
Robert Thomas, Jr.	25 yrs.	10 mos.	Department Director	39,950
Beth A. Thompson	10 yrs.	2 mos.	Real Estate Evaluator II	23,510
Keith Edward Tibbit	19 yrs.	2 mos.	Supervisor	32,620
Debra Vucinovich	8 yrs.	11 mos.	Abstract Specialist I	22,670
Garland E. Weidner	18 yrs.	5 mos.	Chief Deputy	64,365
Judy B. Whatley	8 yrs.	10 mos.	Abstract Specialist I	22,310
Marilyn B. Williams	8 yrs.	11 mos.	Abstract Specialist II	24,590
Gloria T. Winters	7 yrs.	11 mos.	Real Estate Evaluator I	25,300
Eric C. Zenter	1 yr.	11 mos.	Field Data Collector I	20,046
<u>EXTRA HELP</u>				
Krenda Cash		3 mos.	Summer Employee	2,518
Julia Gilliam	6 yrs.	7 mos.	Summer Employee	7,792
Natasha N. Gilyard		2 mos.	Summer Employee	2,024
Kristin Hardin	6 yrs.	7 mos.	Summer Employee	6,187
Charles Hilt		2 mos.	Summer Employee	2,009
Tiffany Jackson		1 mo.	Summer Employee	843
Greg Johnson		1 mo.	Extra Employee	232
Thomas C. Looney	1 yr.	1 mo.	Summer Employee	2,706
Chelsea Shackelford		5 mos.	Summer Employee	1,878
Kyle Stewart		2 mos.	Summer Employee	1,731
Tierney Strange		2 mos.	Summer Employee	1,935
Adam Wood	1 yr.	5 mos.	Summer Employee	553
Stephen Zenter		2 mos.	Summer Employee	<u>1,754</u>
Total				<u>1,481,834</u>

OTHER REPORTS

**HEARD
McELROY
& VESTAL**
LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDRIDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

January 25, 2006

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

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the component unit financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2005, and have issued our report thereon dated January 25, 2006. 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.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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

This report is intended solely for the information of management and the Office of the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy & Vestal, LLP

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

CADDO PARISH TAX ASSESSOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2005

We have audited the financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2005, and have issued our report thereon dated January 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2005 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 - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CADDO PARISH TAX ASSESSOR
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2005

No prior year findings were reported.