

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
FINANCIAL REPORT  
APRIL 30, 2010**

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 11/10/10

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## INDEPENDENT AUDITORS' REPORT

Mr. Thomas L. Arnold, Assessor  
Fifth Municipal District Assessor  
Parish of Orleans  
New Orleans, Louisiana

We have audited the accompanying basic financial statements of the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana, (the Assessor), as of April 30, 2010, and for year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Assessor's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana as of April 30, 2010, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information, on pages 3 through 7 and 22, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist 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.

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In accordance with *Government Auditing Standards*, we have also issued a report dated October 20, 2010 on our considerations of Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana's internal control structure and on its compliance with laws and 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 conjunction with this report in considering the results of our audit.

*Silva Gurtner & Abney, LLC*

October 20, 2010

## **FIFTH MUNICIPAL DISTRICT ASSESSOR MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the Assessor's office based on currently known facts, decisions, or conditions. It should be read in conjunction with the Assessor's financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

The Assessor's assets exceeded its liabilities by \$113,283 (net assets) for the year ended April 30, 2010. This compares to the previous year when assets exceeded liabilities by \$232,928.

Total net assets are comprised of the following:

- (1) Capital assets of \$11,166 included property and equipment, net of accumulated depreciation.
- (2) Unrestricted net assets of \$102,117 represented amounts available to maintain the Assessor's continuing obligations to the citizens of Orleans Parish.

At the end of the current fiscal year, unreserved fund balance of the general fund was \$102,117, or 15.0% of total general fund current annual expenditures.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The basic financial statements include: (1) the government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

#### Government-Wide Financial Statements

The Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the statement of net assets. This is the government-wide statement of position presenting information that includes all of the Assessor's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the Assessor would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the statement of activities and changes in net assets, which reports how the Assessor's net assets changed during the current fiscal year. All current year revenues and expenditures are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities and changes in net assets is to show the financial reliance of the Assessor's distinct activities or functions on revenues provided by the Assessor's taxpayers.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Assessor used a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Assessor's governmental funds. These statements report short-term accountability focusing on the use of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

**FINANCIAL ANALYSIS OF THE DISTRICT ASSESSOR AS A WHOLE**

The Assessor's net assets at fiscal year-end are \$113,283. The following table provides a summary of the Assessor's net assets:

	April 30, 2010		April 30, 2009	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>Assets:</b>				
Current assets	\$ 112,799	91.0%	\$ 228,653	94.0%
Capital assets, net of accumulated depreciation	11,166	9.0%	13,476	6.0%
Total Assets	<u>123,965</u>	<u>100.0%</u>	<u>242,129</u>	<u>100.0%</u>
<b>Liabilities:</b>				
Current liabilities	10,682	9.0%	9,201	4.0%
<b>Net Assets:</b>				
Investment in capital assets	11,166	9.0%	13,476	6.0%
Unrestricted	102,117	82.0%	219,452	90.0%
Total Net Assets	<u>\$ 123,965</u>	<u>100.0%</u>	<u>\$ 242,129</u>	<u>100.0%</u>

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT ASSESSOR AS A WHOLE, continued**

The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 10.56 to 1. The Assessor maintains a high current ratio. This ratio is strong.

The Assessor reported a positive balance in net assets for its governmental activities. Note that approximately 9% of the governmental activities net assets are tied up in capital assets. The Assessor uses these capital assets to provide services to its citizens.

The following data is presented on the accrual basis of accounting which means that all costs are presented; however, the purchase of capital assets is not included but depreciation on the capital assets is included.

The following table provides a summary of the Assessor's changes in assets, but does not include on-behalf payments made to the Assessor.

	April 30, 2010		April 30, 2009	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
<b>Revenue:</b>				
Compensation from taxing bodies	\$ 389,868	99.03%	\$ 435,868	98.54%
Charges for services	3,414	0.87%	3,160	0.71%
Interest and investment Earnings	397	0.10%	3,315	0.75%
<b>Total Revenue</b>	<b>393,679</b>	<b>100.0%</b>	<b>442,343</b>	<b>100.0%</b>
<b>Expenditures:</b>				
Personal services and related benefits	404,714	79.20%	351,816	80.0%
Materials and supplies	19,742	3.86%	22,587	3.0%
Other services and Charges	11,350	2.22%	21,474	3.0%
Travel and other Charges	38,325	7.50%	47,555	7.0%
Miscellaneous	34,038	6.66%	36,108	6.0%
Capital outlay	2,845	0.56%	3,976	1.0%
<b>Total Expenses</b>	<b>511,014</b>	<b>100.0%</b>	<b>483,516</b>	<b>100.0%</b>
<b>Change In Net Assets</b>	<b>(117,335)</b>		<b>(41,173)</b>	
<b>Net Assets, Beginning</b>	<b>219,452</b>		<b>260,625</b>	
<b>Net Assets, Ending</b>	<b>\$ 102,117</b>		<b>\$ 219,452</b>	

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE DISTRICT ASSESSOR AS A WHOLE, continued**

Governmental Revenue

The Assessor is heavily reliant on property taxes allocated to the Fifth Municipal District Assessor to support its operations. Allocations to the Assessor provided 99.03% of the Assessor's total revenues. Because of the Assessor's positive financial position, cash has been invested and resulted in \$397 of interest earnings used to support activities of the Assessor's office. It should be noted that property taxes allocated from taxpayers funded almost 100% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue stream.

Governmental Functional Expenses

Since the Assessor's operations are staff oriented, 75.4% of the budget is used for employee salaries and benefits. Other services, materials and supplies make up 8.3% of total expenses, while travel and other accounted for 7.9% of total expenses and capital outlay accounted for 1.0% of total expenses.

Financial Analysis of the Assessor's General Fund

The general fund is the Assessor's operating fund and the source of day to day operations. As discussed, the general fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as expenditures in the same year.

The total ending general fund balance is \$102,117, a decrease of \$117,335 over the prior year. This decrease is primarily the result of a decrease in compensation from taxing bodies due to anticipated lower revenue and increased expenses for all assessors and an increase in personal services and related benefits due to the addition of a deputy at the end of the prior year, another during the current year and increase in salary. The total general fund balance is unreserved indicating availability for continued Assessor service requirements.

Salaries and benefits increased from \$523,728 in 2009 to \$574,980 in 2010, which represents a 9.8% increase in total salary and benefit cost.

The general fund ending balance is considered adequate. This balance represents approximately a year of annual expenditures at their current rate. Although adequate, it is necessary that the Assessor maintain a strong financial position in order to cover cash flow needs, deficits that might occur in the future as a result of any subsequent reduction in revenues, or increase in unforeseen costs and the acquisition of fixed assets. Therefore, the Assessor continues to monitor operating expenses while maintaining quality service to the taxpayers. The Assessor finances operations on a "pay as you go" system; therefore, there is no outstanding long-term debt for capital purposes.

## **FIFTH MUNICIPAL DISTRICT ASSESSOR MANAGEMENT'S DISCUSSION AND ANALYSIS**

### Budgetary Highlights

Both the general fund's budgeted and 2010 actual expenditures were more than the actual amounts reported in fiscal year 2009. This increase relates primarily to the increase in personal service and related benefits.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### Capital Assets

The Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of April 30, 2010 was \$11,166. Depreciation expense for the year ended April 30, 2010 amounted to \$5,155.

Book value of capital assets decreased \$2,310 during the current year. The Assessor's office is depreciating assets at a rate greater than that at which it is acquiring its assets.

At April 30, 2010, the depreciable assets available for governmental activities were 70% depreciated. The total percentage of depreciated capital assets is over fifty percent, which indicates that additional resources may be required to replace these capital assets in the future.

#### Long-Term Debt

At April 30, 2010, the Assessor had no long-term debt outstanding. The Assessor may issue general obligation debt to meet its capital needs but has elected to fund these costs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

### **ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET**

Multi-district Orleans Parish Assessor's offices were voted to consolidate into a single assessor system and, beginning on January 1, 2011, Orleans Parish will have a single assessor for the entire city.

### **CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Assessor's finances, comply with finance related laws and regulation, and demonstrate the Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana at 4E01 City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
STATEMENT OF NET ASSETS  
APRIL 30, 2010**

**ASSETS**

Cash and cash equivalents	\$	-
Investments, at cost		111,907
Allotment and fees receivable		892
Capital assets, net of accumulated depreciation		<u>11,166</u>
<b>TOTAL ASSETS</b>		<u><u>123,965</u></u>

**LIABILITIES**

Overdraft payable		4,780
Accounts payable		1,885
Payroll taxes payable		<u>4,017</u>
<b>TOTAL LIABILITIES</b>		<u><u>10,682</u></u>

**NET ASSETS**

Investment in capital assets		11,166
Net assets unreserved, undesignated		<u>102,117</u>
<b>TOTAL NET ASSETS</b>	<b>\$</b>	<u><u>113,283</u></u>

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED APRIL 30, 2010**

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>NET REVENUES (EXPENSES)</u>
Governmental Activities			
General Government	\$ 683,590	\$ 3,414	\$ (680,176)
<b>General Revenues</b>			
			389,868
			170,266
			397
			<u>560,531</u>
			(119,645)
			<u>232,928</u>
			<u>\$ 113,283</u>

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
BALANCE SHEET- GOVERNMENTAL FUND  
APRIL 30, 2010**

**ASSETS**

Cash and cash equivalents	\$ -
Investments, at cost	111,907
Allotment and fees receivable	<u>892</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 112,799</u></b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 6,665
Payroll taxes payable	<u>4,017</u>
<b>TOTAL LIABILITIES</b>	<b><u>10,682</u></b>
 Net Assets	
Unreserved, Undesignated	<u>102,117</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 112,799</u></b>

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR**  
**PARISH OF ORLEANS**  
**NEW ORLEANS, LA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND**  
**BALANCE SHEET TO THE STATEMENT OF NET ASSETS**  
**APRIL 30, 2010**

Total net assets for the governmental fund	\$	102,117
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore not reported in the funds</p>		
Governmental capital assets		37,495
Less accumulated depreciation		<u>(26,329)</u>
		<u>11,166</u>
Net assets of governmental activities	\$	<u><u>113,283</u></u>

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
 PARISH OF ORLEANS  
 NEW ORLEANS, LOUISIANA  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - GOVERNMENTAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2010**

REVENUES

Compensation from taxing bodies	\$	389,868
Charges for services		3,414
On-behalf payments		170,266
Interest and investment earnings		397
		563,945
TOTAL REVENUES		563,945

EXPENDITURES

Personal services and related benefits		574,980
Materials and supplies		19,742
Other services and charges		11,350
Travel and other charges		38,325
Miscellaneous		34,038
Capital outlay		2,845
		681,280
TOTAL EXPENDITURES		681,280

EXCESS OF EXPENDITURES OVER REVENUES (117,335)

FUND BALANCE

Beginning of year		219,452
End of year	\$	102,117

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL  
FUND TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2010**

Net changes in fund balances - governmental fund \$ (117,335)

Amounts reported for governmental activities in the statement  
of net assets are different because:

Governmental funds report capital outlays as expenditures. In the  
statement of activities and changes in net assets, the cost of those  
assets is allocated over the estimated useful lives as depreciation  
expense. This is the amount of depreciation over the capital expenditures.

(2,310)

Changes in net assets of governmental activities

\$ (119,645)

The accompanying notes are an integral part of this statement.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2010**

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

Introduction

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, there shall be seven assessors in New Orleans who shall compose the Board of Assessors for Orleans Parish (the Board). One assessor shall be elected from each municipal district of New Orleans to serve a four year term. Each district assessor shall be a resident of the district from which he is elected.

All assessor offices are located on the 4<sup>th</sup> floor of the Orleans Parish City Hall, 1300 Perdido Street in New Orleans, Louisiana. Louisiana Revised Statute (R.S.) 47:1909 states that the governing authority of the City of New Orleans shall provide suitable rooms in city hall for the use of the assessor of each municipal district and for the use of the Board of Assessors. Therefore, the upkeep and maintenance costs of the assessors' offices are not included in the accompanying financial statements.

Each assessor shall independently exercise his functions in the assessing and listing of the property in and for his respective district within 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 to provide assistance to the taxpayers in his district. The deputies are authorized to perform all functions of the office, but the assessor is officially responsible for the actions of the deputies. The 5<sup>th</sup> Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana (the Assessor) employs eight (8) employees, all of which are 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.

The Board's primary revenue is ad valorem taxes collected by the New Orleans Department of Finance-Bureau of Treasury (city tax collector) from the assessment tax rolls of the parish. The seven Orleans Parish assessors receive an allotment from the Board on a pro-rata basis for the operation of their offices. The remaining funds of the Board are used to pay the assessors' salaries and fringe benefits and administrative expenses of the Board.

At December 31, 2009, real property and movable property assessments totaled \$250,518,150 and \$16,465,290, respectively. This represents a decrease of \$4,203,240 in the total value of assessments. The decrease in total tax assessments was caused primarily by the decreased value of real property assessments in the district during the year.

Summary of Significant Accounting Policies

The financial statements of the Fifth Municipal District Assessor, Parish of Orleans, have been prepared in conformity with accounting principles generally accepted in the United States of America 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. The significant accounting principles used by the Assessor are described below.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Reporting Entity**

As the governing authority of the parish, for reporting purposes, the City of New Orleans is the financial reporting entity for Orleans Parish. The financial reporting entity consists of (a) the primary government (the City of New Orleans) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 City of New Orleans for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

Because the City does not appoint the Assessor, does not provide funding (other than the use of facilities), or have control over the Assessor, the Assessor has determined that the office is not a component unit of the City of New Orleans.

The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the City, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity of the City of New Orleans.

**Basis of Presentation**

**Basic Financial Statements – Government-Wide Statements**

The statement of net assets and statement of activities and changes in net assets display information about the Assessor's office as a whole. These statements include all the financial activities of the Assessor's office. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

Program revenues included in the statement of activities and changes in net assets are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Assessor's office general revenues.

**Basic Financial Statements – Fund Financial Statements**

The amounts reflected in the governmental fund statements 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. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net assets.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

The amounts reflected in the governmental fund statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the 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 considers all revenues available to pay liabilities of the current period if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Allocation of tax revenue from the Board of Assessors is recognized in the period for which they are received in cash.

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

The Assessor uses fund accounting 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 related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the financial statements. The fund used by the Assessor is as follows:

The governmental fund accounts for all or most of the Assessor's general activities. This fund focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the fund 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.

General Fund – The general fund, (known as the Assessor's Salary and Expense Fund) 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, is accounted for in this fund. General operating expenditures are paid from this fund.

**Budget and Budgetary Accounting**

Formal budgetary accounting is employed as a management control device during the year for the general fund. The annual budget for the Assessors' general fund for the year ended April 30, 2010, was adopted as required by the Louisiana Revised Statutes. The budget is adopted on the cash basis; therefore, adjustments were made on the Statement of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual. The budget is available for public inspection at the Assessor's office.

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

**Basic Financial Statements – Fund Financial Statements**

All budgeted amounts which are not expended, or obligated through contract, lapse at year end.

**Basic Financial Statements – Fund Accounting**

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Assessor's office considers all highly liquid debt instruments, time deposits, and those investments with original maturities of 90 days or less to be cash equivalents. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and include certificates of deposit and Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. 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. Investments are reported at market value. Interest is accrued as earned.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements, or other capital outlays greater than \$1,000 that significantly extend the useful life of an asset are capitalized. Capital assets are recorded in the statement of net assets and statement of activities and changes in net assets. Capital assets consisting of furniture and equipment are depreciated using the straight-line method over 3-7 years.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Employees of the Assessor are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Assessor's policy is to recognize the costs of compensated absences when actually paid to employees. The Assessor believes that the results of recording compensated absences on the cash basis are not materially different than those that would result from the accrual basis.

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PARISH OF ORLEANS  
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APRIL 30, 2010**

**NOTE B – CASH AND CASH EQUIVALENTS**

At April 30, 2010, the Assessor had negative cash and cash equivalents (book balances) totaling \$4,780, which is shown as overdraft payable in the current liabilities section. At April 30, 2010, the Assessor had \$6,009 in deposits (collected bank balances). These deposits and related book balances are stated at cost which approximates fair market value. 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 pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties. At April 30, 2010, the Assessor's bank balances were secured from risk by \$250,000 federal deposit insurance. The Assessor's cash and cash equivalents were not in excess of federal deposit insurance at April 30, 2010.

**NOTE C – INVESTMENTS**

Investments of \$111,907 at April 30, 2010, are invested in the Louisiana Asset Management Pool, Inc. (LAMP). The investments are in the name of the Fifth Municipal Assessor and are held at the Assessor's office. These investments are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the external pool is the same as the value of the pool shares. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds and thereby not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a Board of Directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities.

Effective in 2001, government-only money market funds and Investment grade (A-1/P-1) commercial paper of domestic United States corporations were also included. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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**NOTE D – CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended April 30, 2010 is as follows:

	<u>May 1, 2009</u>	<u>Additions</u>	<u>Transfers</u>	<u>April 30, 2010</u>
Furniture and Equipment	\$ 34,650	\$ 2,845	\$ -	\$ 37,495
Less: Accumulated Depreciation	<u>(21,174)</u>	<u>(5,155)</u>	<u>-</u>	<u>(26,329)</u>
Net Capital Assets	<u>\$ 13,476</u>	<u>\$ (2,310)</u>	<u>\$ -</u>	<u>\$ 11,166</u>

**NOTE E – RISK MANAGEMENT**

The Assessor's office is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Assessor's office is covered by commercial insurance carried by the Board of Assessors.

**NOTE F – LEASE COMMITMENT**

The Assessor leased an automobile that is accounted for as an operating lease. On November 15, 2006, the Assessor entered into the lease agreement, which was for thirty-six (36) monthly payments of \$963, beginning December 15, 2006, and ending on November 14, 2009. For the year ended April 30, 2010, automobile lease expenditures totaled \$12,339. The Assessor no longer leases an automobile, thus there are no future minimum annual commitments for the year ended April 30, 2010.

**NOTE G – PENSION PLAN**

Plan Description

Substantially all employees of the Assessor are members of the Louisiana Assessors 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 who retire 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% of their final-average salary for each year of credited service not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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**NOTE G – PENSION PLAN, (continued)**

Plan Description, (continued)

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, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (225) 925-8886.

Funding Policy

System members are required by state statute to contribute 8.0% of their annual covered salary and the Assessor is required to contribute at a current rate of 13.5% of annual covered payroll. The contribution requirements of system members and the 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 Assessor's contributions to the System for the years ended April 30, 2010, 2009, and 2008 were \$56,070, \$47,911, and \$43,721, respectively, equal to the required contributions for each year.

**NOTE H – DEFERRED COMPENSATION PLAN**

The Assessor's office participates in a 457(b) deferred compensation plan known as the Louisiana Public Employees Deferred Compensation Plan. Eligible employees may elect to defer a portion of their gross salaries under the plan. The Assessor's office provides a discretionary contribution equal to a percentage of each employee's salary reduction. This percentage is determined annually. The Assessor's office contribution for the year ended April 30, 2010 amounted to \$1,575.

**NOTE I – ON-BEHALF PAYMENTS**

On-behalf payments, which are for fringe benefits and salaries, totaled \$170,266 for the year. The Assessor's salary of \$147,466 was paid directly to the Assessor from the Board. In addition, the Board paid fringe benefits totaling \$22,800 on-behalf of the Assessor. On-behalf payments are reported as revenue (on-behalf payments) and expenditures (personal services and related benefits) on the statement of revenue, expenditures, and changes in fund balance-governmental fund.

Certain operating expenditures of the Assessor's office are paid by the City of New Orleans and are not included in the accompanying financial statements. These operating expenditures include office space, utilities, telephones, and janitorial services.

**NOTE J – POST RETIREMENT COMMITMENTS**

The Assessor's office provides certain health care and life insurance benefits for retired employees. Substantially all of the Assessor's office employees may become eligible for these benefits if they reach normal retirement age while working for the Assessor. The cost of the retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid. For the year ended April 30, 2010, those costs totaled \$6,256. The number of retirees currently receiving benefits is two.

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**NOTE K – SUBSEQUENT EVENTS**

Multi-district Orleans Parish Assessor's offices were voted to consolidate into a single assessor system and, beginning on January 1, 2011, Orleans Parish will have a single assessor for the entire city.

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 20, 2010, and, except as noted above, determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**FIFTH MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
NEW ORLEANS, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET TO ACTUAL - GENERAL FUND  
FOR THE YEAR APRIL 30, 2010**

	GENERAL FUND		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Intergovernmental Revenues			
Compensation from taxing bodies	\$ 400,000	\$ 389,868	\$ (10,132)
Charges for services	2,000	3,414	1,414
Other Revenue			
Interest and investment earnings	3,000	397	(2,603)
<b>TOTAL REVENUES</b>	<b>405,000</b>	<b>393,679</b>	<b>(11,321)</b>
<b>EXPENDITURES</b>			
Personal services and related benefits	374,000	404,714	30,714
Materials and supplies	20,000	19,742	(258)
Other services and charges	21,500	11,350	(10,150)
Travel and other charges	39,250	38,325	(925)
Miscellaneous	36,500	34,038	(2,462)
Capital outlay	5,000	2,845	(2,155)
<b>TOTAL EXPENDITURES</b>	<b>\$ 496,250</b>	<b>\$ 511,014</b>	<b>\$ 14,764</b>

See independent auditors' report.

**OTHER INDEPENDENT AUDITORS' REPORT**



Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*

\*Limited Liability Companies

**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**

Mr. Thomas L. Arnold, Assessor  
Fifth Municipal District Assessor  
Parish of Orleans  
New Orleans, Louisiana

We have audited the financial statements of the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana (the Assessor), as of April 30, 2010 and for the year then ended, and have issued our report thereon dated October 20, 2010. 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 the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Assessor's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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## Compliance

As part of obtaining reasonable assurance about whether the Fifth Municipal District Assessor, Parish of Orleans, New Orleans, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determinations 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 and use of management, others within the organization, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva Gurtner & Abney, LLC*

October 20, 2010