

**DESOTO PARISH TAX ASSESSOR
MANSFIELD, LOUISIANA**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2018**

DeSoto Parish Assessor
Mansfield, Louisiana

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DeSoto Parish Assessor
Mansfield, Louisiana

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INDEPENDENT AUDITOR'S REPORT

DeSoto Parish Tax Assessor
212 Adams Street
Mansfield, Louisiana 71052

We have audited the accompanying financial statements of the governmental activities and major fund of the DeSoto Parish Tax Assessor (Assessor), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Assessor's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Assessor, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the Assessor has adopted the provisions of GASB Statement 75 *Actuarial Valuation of Other Post-employment Benefits – Amendment of GASB Statement 45*. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, and Schedule of Funding Progress for Retiree Health Plan as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Assessor's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer listed as required supplementary information in the Table of Contents are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Funding Progress for Retiree Health Plan, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2019, on our consideration of the Assessor's internal control over financial reporting and on our tests of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Assessor's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report dated June 10, 2019, on the results of the state wide agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's state wide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier CPA's
Natchitoches, Louisiana

June 10, 2019

REQUIRED SUPPLEMENTARY INFORMATION

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ending December 31, 2018

Within this section of the DeSoto Parish Tax Assessor's (the Assessor or Office) annual financial report, the Assessor's management is pleased to provide this narrative overview and analysis of the financial activities of the Assessor as of and for the fiscal year ended December 31, 2018. The Assessor's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. We encourage readers to consider the information presented here in conjunction with the Assessor's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The DeSoto Parish Tax Assessor's net position increased by \$871,969 or 8% in December 31, 2018 compared to an increase of \$897,409 or 8% in 2017.
- Property taxes decreased \$5,461 (0.32%) to \$1,699,186 during the year ended December 31, 2018 compared to \$1,704,647 during 2017.
- The DeSoto Parish Tax Assessor's total general and program revenues increased by \$7,856 or 0.45%.
- During the year ended December 31, 2018, the DeSoto Parish Tax Assessor had total expenses of \$887,735, excluding depreciation of \$9,453, compared to \$854,421 in 2017. This reflects an increase of \$33,314 or 2.41% during the year ended December 31, 2018.

OVERVIEW OF FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the basic financial statements which include government-wide financial statements and fund financial statements. These two types of financial statements present the Assessor's Office's financial position and results of operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Assessor's Office as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Office's assets and all of its liabilities. All of the Office's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by property taxes and related revenue sharing.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Office's most significant activities and are not intended to provide information for the Office as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Office's funds are limited to its general fund, which is classified as a Governmental Fund. This fund is used to account for

essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Office's finances. Assets reported by the governmental fund are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the General Fund. Annual budgets are prepared on the cash basis. There is also a schedule of changes in net OPEB liability and related ratios. To comply with GASB 68, there are two schedules detailing the Webster Assessor's proportionate share of net pension liability and pension contributions.

Other Supplementary Information. The schedule of compensation, benefits and other payments to agency head or chief executive officer is presented to fulfil the requirements of Louisiana Revised Statute 24:513(A)(3).

FINANCIAL ANALYSIS OF THE ASSESSOR'S OFFICE AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of the DeSoto Parish Tax Assessor's financial position. The total net position changed from a year ago, increasing from \$10,431,786 (restated) to \$11,303,755.

The DeSoto Parish Tax Assessor continues to maintain a high level of liquidity with \$11,910,084 (105%) of net position invested in demand deposits, LAMP securities, and certificates of deposit with various financial institutions as of December 31, 2018.

At December 31, 2018, \$25,108 (0.22%) of the Assessor's net position reflects capital assets with a historical cost of \$175,141 and accumulated depreciation of \$150,033.

Ad valorem taxes receivable increased by \$18,410.

The largest portion of the Assessor's net position \$11,278,647 (99.8%) as of December 31, 2018, and \$10,397,225 (restated) (99.7%) as of 2017, is unrestricted and may be used to meet the ongoing obligations to the citizens of DeSoto Parish.

The following table provides a summary of the Assessor's net position:

Assets	(Restated)		% Change
	2018	2017	
Cash	\$ 8,319,722	\$ 7,388,091	13%
Investments	3,590,362	3,572,110	1%
Taxes Receivables	1,735,013	1,716,603	1%
Intergovernmental Receivable	-	-	0%
Accrued Interest	3,050	2,507	22%
Prepaid Expenses	4,610	4,610	0%
Capital Assets, Net of Depreciation	25,108	34,561	-27%
Total Assets	13,677,865	12,718,482	8%
Deferred Outflows of Resources			
OPEB related	293,243	-	100%
Pension related	249,808	126,901	97%
Total Deferred Outflows of Resources	543,051	126,901	197%
Liabilities			
Current Liabilities			
Accounts Payable	4,291	2,312	86%
Salaries and Benefits Payable	14,399	13,078	10%
Long-term Liabilities			
Other Postemployment Benefit Obligation	2,479,121	2,064,544	20%
Accrued Compensated Absences	26,338	23,903	10%
Net pension liability	178,434	163,601	9%
Total Liabilities	2,702,583	2,267,438	19%
Deferred Inflows of Resources			
OPEB related	17,858	-	100%
Pension related	196,720	146,159	35%
Total Deferred Inflows of Resources	214,578	146,159	47%
Net Position			
Unrestricted	11,278,647	10,397,225	8%
Net Investment in Capital Assets	25,108	34,561	-27%
Total Net Position	\$ 11,303,755	\$ 10,431,786	8%

Changes in Net Position

An analysis of the government-wide Statement of Activities is presented as follows:

Revenues	2018	(Restated) 2017	% Change
Program Revenue			
Charges for Services	\$ 4,953	\$ 6,710	-26%
General Revenue			
Property taxes	1,699,186	1,704,647	-0.32%
State Revenue Sharing	14,827	14,817	0.07%
Investment Earnings	50,076	35,127	43%
Miscellaneous	115	-	100%
Total Revenue	<u>1,769,157</u>	<u>1,761,301</u>	<u>0.45%</u>
 Program Expenses			
General Government	<u>897,188</u>	<u>863,892</u>	<u>4%</u>
 Change in Net Position	871,969	897,409	-3%
Net Position Beginning	10,431,786	10,901,473	-4%
Net position adjustment	-	(1,367,096)	-100%
Net Position Ending	<u>\$ 11,303,755</u>	<u>\$ 10,431,786</u>	<u>8%</u>

As the above presentation demonstrates, the Assessor's Office has increased its reserves by \$871,969 or 8%.

The DeSoto Assessor received \$1,699,186 (96%) and \$1,704,647 (97%) of its total revenues through property taxes during 2018 and 2017, respectively.

Approximately 0.28% (\$4,953) of the Fund's total revenue was derived through charges for services compared to 0.38% (\$6,710) in 2017.

The Office continues to have a substantial amount of net position. This financial trend is expected to continue in the near future.

FINANCIAL ANALYSIS OF THE ASSESSOR'S FUND

For the year ended December 31, 2018, differences between the government-wide presentation and the fund financial statements were due to acquisition of capital outlays, depreciation charges associated with capital assets and differences in unavailable property tax revenue and prepaid expenses, net pension liability and other postretirement benefit obligations.

GENERAL BUDGET BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Assessor complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The Assessor's budget was not amended during 2018. The Assessor's budget is based on the Government Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance. The actual revenues were \$64,103 more than the budgeted amounts. The actual expenditures were \$452,879 less than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

There were no capital asset purchases for the year ended December 31, 2018.

DEBT ADMINISTRATION

For the year ended December 31, 2018, there was no debt activity and no debts are outstanding at year-end.

ECONOMIC FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the DeSoto Assessor's finances and seeks to demonstrate the Assessor's accountability for the money she receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Anne Gannon, Assessor, 212 Adams Street, Mansfield, Louisiana, 71052.

BASIC FINANCIAL STATEMENTS

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
December 31, 2018

	Governmental Funds Financial Statements		Government-wide Statements
	Balance Sheet		Statement of
	General Fund	Adjustments	Net Position
ASSETS			
Cash and cash equivalents	\$ 8,319,722	\$ -	\$ 8,319,722
Investments	3,590,362	-	3,590,362
Ad valorem tax receivable	1,735,013	-	1,735,013
Accrued interest	3,050	-	3,050
Prepaid expenses	-	4,610	4,610
Capital assets, net of accumulated depreciation, (see note 4)	-	25,108	25,108
TOTAL ASSETS	\$ 13,648,147	29,718	13,677,865
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related	\$ -	293,243	293,243
Pension related	-	249,808	249,808
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	543,051	543,051
LIABILITIES			
Accounts payable	4,291	-	4,291
Salaries and benefits payable	14,399	-	14,399
Accrued compensated absences	-	26,338	26,338
Other postemployment benefit obligations	-	2,479,121	2,479,121
Net pension liability	-	178,434	178,434
TOTAL LIABILITIES	18,690	2,683,893	2,702,583
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	46,663	(46,663)	-
OPEB related	-	17,858	17,858
Pension related	-	196,720	196,720
TOTAL DEFERRED INFLOWS OF RESOURCES	46,663	167,915	214,578
FUND BALANCE/NET POSITION			
Fund Balances:			
Unassigned	13,582,794	(13,582,794)	-
TOTAL FUND BALANCES	13,582,794	(13,582,794)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,648,147	(10,730,986)	
Net Position:			
Net investment in capital assets		25,108	25,108
Unrestricted		11,278,647	11,278,647
TOTAL NET POSITION		\$ -	\$ 11,303,755

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Reconciliation of Fund Balance on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

December 31, 2018

Fund Balance - Governmental Fund	\$	13,582,794
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current year.</p>		4,610
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		25,108
<p>Certain deferred outflows are reported in the governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Deferred outflows-OPEB		293,243
Deferred outflows-pension related		249,808
<p>Unavailable ad valorem taxes are reported as deferred inflows of resources in the governmental funds, but are reflected as income in the Government-wide statement.</p>		46,663
<p>Long-term liabilities are not due and payable on the current period, and therefore, are not reported in the governmental fund:</p>		
Other postemployment obligations liability		(2,479,121)
Accrued compensated absences		(26,338)
Deferred inflows-OPEB		(17,858)
Deferred inflows-pension related		(196,720)
Net pension liability		(178,434)
Total Net Position of Governmental Activities	\$	<u>11,303,755</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE /
STATEMENT OF ACTIVITIES**
For the year ended December 31, 2018

	Governmental Funds Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balance	Adjustments	Government-wide Statements Statement of Activities
	General Fund		
EXPENDITURES/EXPENSES			
General Government-Taxation:			
Personal services & related benefits	\$ 669,661	\$ 84,114	\$ 753,775
Operating expenses	104,969	-	104,969
Material & supplies	9,371	-	9,371
Travel & other charges	19,620	-	19,620
Capital outlays	-	-	-
Depreciation	-	9,453	9,453
TOTAL EXPENDITURES/EXPENSES	803,621	93,567	897,188
PROGRAM REVENUES			
Charges for services	4,953	-	4,953
TOTAL PROGRAM REVENUES	4,953	-	4,953
NET PROGRAM EXPENSE	(798,668)	(93,567)	(892,235)
GENERAL REVENUES			
Property taxes	1,735,482	(36,296)	1,699,186
State revenue sharing	14,827	-	14,827
Miscellaneous income	115	-	115
Investment earnings	50,076	-	50,076
TOTAL GENERAL REVENUES	1,800,500	(36,296)	1,764,204
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	1,001,832	(129,863)	871,969
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES / CHANGE IN NET ASSETS	1,001,832	(129,863)	871,969
FUND BALANCE / NET POSITION			
Beginning of the year (Net position restated)	12,580,962		10,431,786
End of the year	\$ 13,582,794		\$ 11,303,755

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of the Governmental Fund to the Statement of Activities**

For the year ended December 31, 2018

Net change in Fund Balance - Governmental Fund \$ 1,001,832

Governmental funds report expenses that involve payments with current financial resources, such as insurance, in the year in which it is paid. In the Statement of Activities, payments that are attributable in current periods are recognized.

Decrease in prepaid insurance -

Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of the assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. Therefore, capital expenditures are not recorded in the statement of activities.

Capital outlays -
Depreciation (9,453)

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenues in the funds. The change in unavailable ad valorem taxes is, therefore, not included. (36,296)

In the Statement of Activities pension and other postemployment benefits are reported in the government-wide statements, but not in the governmental fund statements

Pension expense	(66,457)	
Non-employer contributions to cost-sharing pension plan	123,970	
Other postemployment benefits	(139,192)	
Compensated absences	(2,435)	(84,114)
		<hr/>

Net change in Net Position \$ 871,969

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

INTRODUCTION

As provided by LSA-RS 47:1901, the Assessor is elected by the voters of the parish and serves a four-year term. The Assessor enumerates, lists, and 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 to provide assistance to the taxpayers of the parish. The deputies are authorized to perform all functions of the office, but the Assessor is officially and pecuniary responsible for the actions of the deputies.

The Assessor's office is located in the DeSoto Parish Courthouse annex in Mansfield, Louisiana. The Assessor employs eleven employees, including seven 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the DeSoto Parish Tax Assessor have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis—For State and Local Governments*, issued in June 1999; Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and Statement 65, *Items Previously Reported as Assets and Liabilities*. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Government Audit Guide*. The more significant accounting policies established by GAAP and used by the DeSoto Parish Tax Assessor are discussed below.

A. REPORTING ENTITY

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Although the DeSoto Parish Police Jury is required to provide office space, janitorial services and utilities for the DeSoto Assessor, the DeSoto Assessor is not financially accountable to the Police Jury since 1) the Assessor is a separately elected official; 2) the Assessor is a legally separate organization and holds its own corporate powers; and 3) the Assessor does not require approval from the Police Jury for its budget, to levy taxes, or to issue debt.

For financial reporting purposes, in conformance with GASB Statement No. 14, the DeSoto Parish Tax Assessor includes all funds that are within the oversight responsibility of the Assessor. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship. Based on this criterion, the DeSoto Parish Tax Assessor has no component units.

B. MEASUREMENT FOCUS / BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues, expenditures, expenses, and transfers—and assets, deferred outflows of resources, liabilities, and deferred inflows of resources—are recognized in the accounts and reported in the financial statements.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS / BASIS OF PRESENTATION (continued)

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery) and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net position.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. The statement of revenues, expenditures, and changes in fund balance reports sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of available spendable financial resources during a given period. This approach is then reconciled, through adjustment, to a government-wide view of the operations.

The DeSoto Parish Tax Assessor's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Assessor's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Assessor are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets 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. The major governmental fund of the Assessor is described below:

General Fund. The General Fund, as provided by Louisiana Revised Statute 47:1906 is the primary operating fund of the Assessor and is used to account for the operations of the Assessor. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Assessor's policy,

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31, 2018. The taxes are normally collected in December of the current year and January and February of the ensuing year.

State revenue sharing is recorded in the year the Assessor is entitled to the funds. Fees for preparing tax rolls are recognized in the period in which they are paid. Interest income on demand deposits is recorded monthly when the interest is earned and credited to the Assessor's account. Interest income on time deposits is accrued at year end.

Expenditures

Salaries and related benefits are recorded when employee services are provided. Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased. Substantially all other expenditures are recognized when the related fund liability is incurred.

D. CASH AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts or nonnegotiable certificates of deposit. Under state law, the Assessor may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Assessor may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

E. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid expenses.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
 Notes to Financial Statements
 December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**F. ACCOUNTS RECEIVABLE**

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

G. CAPITAL ASSETS

Capital assets which include property, plant, equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost. The Assessor maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are recorded in the Statement of Net Position and Statement of Activities. 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>
Auto	5 years
Computers and Peripherals	5 years
Office Equipment, Furniture, and Fixtures	5 years

Depreciation of all exhaustible capital assets is reported as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

H. COMPENSATED ABSENCES

The Assessor has the following policy relating to vacation and sick leave:

Employees of the Assessor's office receive 5 to 10 days of noncumulative vacation leave each year. Full-time employees earn five days of sick leave each year. Upon termination, employees may be paid for sick leave up to thirty days. At December 31, 2018, there are no accumulated or vested benefits relating to vacation.

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

I. EQUITY CLASSIFICATIONSNet Position

In the government-wide financial statements, equity is classified as net position and is displayed in three components:

- a. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Assessor's bonds. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Assessor.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. EQUITY CLASSIFICATIONS (continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Assessor applies unrestricted net position first, unless a determination is made to use restricted net position.

Fund Balances

In accordance with GASB 54, the Assessor classifies fund balances in governmental funds as follows:

- Nonspendable--Amounts that are not in spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.
- Restricted--Amounts constrained to specific purposes by their providers (such as grantors or higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed--Amounts constrained by the Assessor. To be reported as committed, amounts cannot be used for any other purpose unless the Assessor takes the action to remove or change the constraint.
- Assigned--Amounts the Assessor intends to use for a specific purpose.
- Unassigned--All amounts not included in other spendable classifications.

The Assessor would typically apply an expenditure toward restricted fund balance and then to the other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Desoto Tax Assessor has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of financial position reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The DeSoto Tax Assessor recognizes differences between expected and actual factors in total pension liability measurements, changes in assumptions about future factors in the total pension liability measurements, and the differences between projected and actual earnings on pension plan investments within these financial statement sections. The Assessor also recognizes differences between expected and actual experience and changes in assumptions affected the total OPEB liability within the deferred outflow section of the financial statements.

K. UNAVAILABLE AD VALOREM TAXES

Under the modified accrual basis of accounting, the DeSoto Parish Assessor's governmental funds will not recognize revenue until they are available (collected not later than 60 days after the Assessor's year end).

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**L. PENSION PLANS**

The DeSoto Parish Tax Assessor is a participating employer in a cost-sharing, multiple-employer qualified governmental defined benefit pension plan as described in Note 5. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

M. CHANGE IN ACCOUNTING PRINCIPLE

During the year ending December 31, 2018, the DeSoto Parish Tax Assessor adopted GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension." The statement's objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension." This resulted in a restatement of previously reported net position as follows:

		Governmental Activities
Total Net position, December 31, 2017, as previously reported	\$	11,798,882
Change in accounting principle:		
Net effect of implementing GASB Statement No. 75		(1,367,096)
Total Net Position, December 31, 2017, Restated	\$	10,431,786

N. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The DeSoto Parish Tax Assessor follows GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which requires the accrual of other postemployment benefits for retired employees. The Assessor has recorded a liability for other postemployment benefits (see Note 6). In the government-wide financial statements, the other postemployment benefits liability is recorded as an expense and non-current liability and allocated on a functional basis. In the fund financial statements, other postemployment expenditures are recognized in the amount contributed to the plan or expected to be liquidated with expendable available financial resources. Expendable available financial resources generally refer to other postemployment benefit payments due and payable as of the end of the year.

O. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

2. AD VALOREM TAXES

The Assessor levies taxes on real and business personal property located within the boundaries of DeSoto Parish. Property taxes are levied by the Assessor on property values assessed by the Assessor and approved by the State of Louisiana Tax Commission. For the year ended December 31, 2018, the Assessor authorized ad valorem tax millages of 3.26 mills and levied taxes of 2.5 mills.

The DeSoto Parish Sheriff's office bills and collects property taxes for the Assessor. Collections are remitted to the Assessor monthly. The Assessor recognizes property tax revenues when levied.

The property tax calendar:

Assessment date	January 1, 2018
Levy date	June 30, 2018
Tax bills mailed	October 15, 2018
Total taxes are due	December 31, 2018
Penalties & interest added	January 31, 2019
Tax sale	May 16, 2019

A revaluation of all property is required to be completed not less than every four years. The last revaluation was completed for the roll of January 1, 2016. Total assessed value was \$734,167,721 in 2018. Louisiana state law exempts the first \$75,000 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$42,118,563 of the assessed value in 2018.

The following are the principal taxpayers for the Parish (2018 amounts):

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	Ad Valorem Tax Revenue for Assessor
International Paper Co.	Manufacturing	\$ 78,665,005	10.71%	185,380
Exco Operating Co.	Oil & Gas	54,843,881	7.47%	129,244
Chesapeake Operating	Oil & Gas	48,858,548	6.65%	115,139
Southwestern Electric Company	Utility	40,262,621	5.48%	94,882
Indigo Minerals LLC	Oil & Gas	27,305,852	3.72%	64,348
Louisiana Midstream Gas	Oil & Gas	27,014,305	3.68%	63,661
Acadian Gas Pipeline System	Oil & Gas	25,320,360	3.45%	59,669
Covey Park Operating LLC	Oil & Gas	24,974,877	3.40%	58,855
Enterprise Gathering LLC	Oil & Gas	23,853,024	3.25%	56,211
Cleco Power LLC	Utility	34,420,324	4.69%	81,114
Total		<u>\$ 385,518,797</u>	<u>53%</u>	<u>908,503</u>

3. CASH AND INVESTMENTS

Cash:

At December 31, 2018, the DeSoto Parish Tax Assessor has cash (book balances) totaling \$7,138,318 and LAMP deposits of \$1,181,404 for a total of \$8,319,722.

The LAMP deposits are stated at fair value based upon quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2018

3. CASH AND INVESTMENTS (continued)*Investments:*

At December 31, 2018, the DeSoto Parish Tax Assessor has the following investments and maturities:

<u>Type of Investment</u>	<u>Fair Value</u>
One-year Certificates of Deposit	\$ 3,590,362

The certificates of deposit are stated at cost, which approximates fair market value.

The cash and investments of the DeSoto Parish Tax Assessor are subject to the following risks:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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 holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Assessor that the fiscal agent has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Assessor's name.

At December 31, 2018, the Assessor had \$10,733,017 deposits (collected bank balances). These deposits are secured from risk by \$991,410 of federal deposit insurance; \$9,741,607 is pledged by marketable securities held by the custodial bank.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Assessor does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk the Assessor's certificates of deposit have maturities of one year or less which limits exposure to fair value losses arising from rising interest rates.

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The Assessor's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Assessor may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Assessor may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Cash equivalent investments held at December 31, 2018 include \$1,181,404 with the Louisiana Asset Management Pool (LAMP), a local government investment pool. The Louisiana Asset Management Pool is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with LSA-R.S. 33:2955.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

3. CASH AND INVESTMENTS (continued)

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, Inc. is subject to the regulatory oversight of the state treasurer and a board of directors. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP is not registered with the SEC as an investment company.

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2018, is as follows:

<u>Governmental Activities</u>	December 31, 2017	Additions	Deletions	December 31, 2018
Auto	\$ 16,453	\$ -	\$ -	\$ 16,453
Computers and Peripherals	125,426	-	-	125,426
Furniture and Fixtures	24,769	-	-	24,769
Office Equipment	11,164	-	2,671	8,493
Total	<u>177,812</u>	<u>-</u>	<u>2,671</u>	<u>175,141</u>
Less Accumulated Depreciation				
Auto	16,453	-	-	16,453
Computers and Peripherals	90,865	9,453	-	100,318
Furniture and Fixtures	24,769	-	-	24,769
Office Equipment	11,164	-	2,671	8,493
Total	<u>143,251</u>	<u>9,453</u>	<u>2,671</u>	<u>150,033</u>
Capital Assets, Net	<u>\$ 34,561</u>	<u>\$ (9,453)</u>	<u>\$ -</u>	<u>\$ 25,108</u>

Depreciation expense of \$9,453 was charged to the general government taxation function.

5. PENSION PLAN

Plan Description - Substantially all employees of the DeSoto Parish Tax Assessor's office are members of the Louisiana Assessors Retirement Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees. The Fund issues an annual publicly available financial report that includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Louisiana Assessors' Retirement Fund, Post Office Box 14699, Baton Rouge, LA 70898-4699, or by calling (225) 928-8886.

Pension Benefits - Employees who were hired before October 1, 2013 will be eligible for pension benefits once they have either reached the age of fifty-five and have at least twelve years of service or have at least thirty years of service, regardless of age. Employees who were hired on or after October 1, 2013, will be eligible for pension benefits once they have either reached the age of sixty and have at least twelve years of service or have reached the age of fifty-five and have at least thirty years of service.

Employees who became members prior to October 1, 2006 are entitled to annual pension benefits equal to three and one third percent of their average final compensation based on the 36 consecutive months of highest pay, multiplied by their total years of service, not to exceed 100% of final compensation. Employees who become members on or after October 1, 2006 will have their benefit based on the highest 60 months of consecutive service. Employees may elect to receive their pension benefits in the form of a joint/survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to the employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect a reduced benefit or any of four options at retirement.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

5. PENSION PLAN (continued)

Death Benefits – As set forth in R.S. 11:1441, benefits for members who die in service are as follows: a) If a member of the Fund dies in service with less than 12 years of creditable service and leaves a surviving spouse, their accumulated contributions shall be paid to the surviving spouse; b) If a member dies and has 12 or more years of creditable service and is not eligible for retirement, the surviving spouse shall receive an automatic optional benefit which will cease upon a subsequent remarriage, or a refund of the member's accumulated contributions; c) If a member dies and is eligible for retirement, the surviving spouse shall receive an automatic optional benefit, which shall not terminate upon a subsequent remarriage; and/or d) benefits set forth in b) shall cease upon remarriage and shall resume upon subsequent divorce or death of a new spouse. The spouse shall be entitled to receive a monthly benefit equal to the amount being received prior to remarriage

Disability Benefits – The Board of Trustees shall award disability benefits to eligible members who have been officially certified as disabled by the State Medical Disability Board. The disability benefit shall be the lesser of the following: 1) A sum equal to the greater of 45% of final average compensation, or the members accrued retirement benefit at the time of termination of employment due to disability; or 2) The retirement benefit which would be payable assuming accrued creditable service plus additional accrued service, if any, to the earliest normal retirement age based on final average compensation at the time of termination of employment due to disability.

Upon approval for disability benefits, the member shall exercise an optional retirement allowance as provided in R. S. 11:1423 and no change in the option selected shall be permitted after it has been filed with the board. The retirement option factors shall be the same as those utilized for regular retirement based on the age of the retiree and that of the spouse, had the retiree continued in active service until the earliest normal retirement date.

Back-Deferred Retirement Option Plan (Back-DROP) – In lieu of receiving a normal retirement benefit pursuant to R.S. 11:1421 through 1423, an eligible member of the Fund may elect to retire and have their benefits structured, calculated, and paid as provided in this section.

An active, contributing member of the Fund shall be eligible for Bank-DROP if all the following apply: 1) the member has accrued more service credit than the minimum required for eligibility for a normal retirement benefit. 2) the member has attained an age that is greater than the minimum required for eligibility for a normal retirement benefit, if applicable, and 3) The member has revoked their participation, if any, in the Deferred Retirement Option Plan pursuant to R.S 11:1456.2. The duration of the Back-DROP period shall not exceed the lesser of thirty-six months or the number of months of creditable service accrued after the member first attained eligibility for normal retirement. The Bank-DROP benefit shall have two portions: a lump-sum portion and a monthly benefit portion. The Back-DROP monthly benefit shall be calculated pursuant to the provisions applicable for service retirement set forth in R.S. 11:1421 through 1423 and subject to conditions set forth therein.

Excess Benefit Plan – Under the provisions of this excess benefit plan, a member may receive a benefit equal to the amount by which the member's monthly benefit from the Fund has been reduced because of the limitations of Section 415 of the Internal Revenue Code.

Contributions - Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the DeSoto Parish Tax Assessor is required to contribute at an actuarially determined rate. The current rate is 10 percent of annual covered payroll. The Fund also received one-fourth of one percent of the property taxes assessed in each parish, plus revenue sharing funds appropriated by the legislature. According to state statute, in the event that contributions for ad valorem taxes and revenue sharing funds are insufficient to provide for the gross employer actuarially required contribution, the employer is required to make direct contributions as determined by the Public Retirement System's Actuarial Committee. Although the direct employer actuarially required contribution for the fiscal year ended September 30, 2018 is 5.24%, the actual employer contribution rate for the fiscal year ended September 30, 2018 was 8%. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set one year prior to the year effective.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

5. PENSION PLAN (continued)

Beginning January 1, 2013, the DeSoto Parish Tax Assessor pays both the employee and employer portion of contributions to the Fund. The DeSoto Parish Tax Assessor's contributions to the Fund for the years ending December 31, 2018, 2017, and 2016, were \$64,548, \$71,912, and \$87,061, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the DeSoto Parish Tax Assessor reported a liability of \$178,434 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Assessor's proportion of the net pension liability was based on a projection of the Assessor's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018 (Plan's measurement date), the Assessor's proportion was 0.917853% which was a decrease of 0.01449% from the proportion measured as of September 30, 2017.

For the year ended December 31, 2018, the Assessor recognized pension expense of \$66,457, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,463	\$ 81,694
Changes in assumptions	228,970	-
Net difference between projected and actual earnings on pension plan investments	-	90,848
Changes in employer's proportion of beg NPL	-	23,573
Differences between employer and proportionate share of contributions	-	605
Subsequent measurement contributions	7,375	-
Total	<u>\$ 249,808</u>	<u>\$ 196,720</u>

The Assessor reported a total of \$7,375 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of September 30, 2018, which will be recognized as a reduction in net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

December 31,			
2019	\$ 31,250	\$ (260)	\$ 30,990
2020	(20,270)	(169)	(20,439)
2021	(8,110)	(111)	(8,221)
2022	22,004	(53)	21,951
2023	21,446	(11)	21,435
2024	-	-	-
2025	-	-	-
Total	<u>\$ 46,320</u>	<u>\$ (604)</u>	<u>\$ 45,716</u>

DESOTO PARISH TAX ASSESSOR
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 Notes to Financial Statements
 December 31, 2018

5. PENSION PLAN (continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2018 is as follows:

Valuation Date	September 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.25%, net of investment expense, including inflation
Projected Salary Increases	5.75%
Inflation Rate	2.20%
Annuitant and Beneficiary Mortality	RP 2000 Healty Annuitant Table set forward one year and projected to 2030 for males and females
Active Members Mortality	RP 2000 Employee Table set back four years for males and three years for females
Mortality, disabled lives	RP 2000 Disabled Lives Mortality Tables set back five years for males and three years for females

Discount Rate – The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018, are summarized in the following table:

	<u>2018</u>
Domestic equity	7.50%
International equity	8.50%
Domestic onds	2.50%
International bonds	3.50%
Real estate	4.50%
Alternative assets	6.24%

The long-term expected rate of return selected for this report by the Fund was 6.25%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from the participating employers and non-employer contributing entities will be made at actuarially determined contributions rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement System's Actuarial Committee. Based on these assumptions and the other assumptions and methods as specified in this report, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Thus, the discount rate used to measure the total pension liability was 6.25%.

DESOTO PARISH TAX ASSESSOR
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 December 31, 2018

5. PENSION PLAN (continued)

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the fund calculated using the discount rate of 6.25%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current discount rate (assuming all other assumptions remain unchanged):

	Discount rate	Assessor's proportionate share of net pension liability
1% decrease	5.250%	\$600,149
Current discount rate	6.250%	\$178,434
1% increase	7.250%	(\$182,855)

Change in Net Pension Liability – The changes in the net pension liability for the year ended December 31, 2018 were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred outflow of resources of \$13,463 and a deferred inflow of resources in the amount of \$81,694 for the year ended December 31, 2018.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earning resulted in a deferred inflow of resources in the amount of \$90,848 for the year ended December 31, 2018.

Changes in Assumptions or Other Inputs

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs resulted in a deferred outflow of resources in the amount of \$228,970 for the year ended December 31, 2018.

Changes in Proportion

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. Changes in the employers portion of the beginning net pension liability resulted in a deferred inflow of resources of \$23,573 for the year ended December 31, 2018.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
 Notes to Financial Statements
 December 31, 2018

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The DeSoto Parish Tax Assessor (The Assessor) provides certain continuing health care and life insurance benefits for its retired employees. The Assessor's OPEB Plan is a single-employer defined benefit OPEB plan administered by the Assessor. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the Assessor. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 Postemployment Benefits Other Than Pension—Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit.

Benefits Provided. The DeSoto Parish Tax Assessor provides the full cost of coverage for continuing medical and dental care and life insurance benefits for its retired employees. An employee is eligible to elect medical coverage upon retiring or disability at the age of 55 with 12 years of service or any age with 30 years of service.

Spouses' coverage is also provided to those who are currently receiving benefits. If the retiree predeceases the spouse, coverage for the surviving spouse continues.

The Assessor pays 100% of the premium for retirees and covered spouses.

Employees covered by benefit terms – At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>7</u>
Total participants	19

Total OPEB Liability

The Assessor's total OPEB liability of \$2,479,121 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	3.00%
Discount rate	4.10% per anum, compounded annually
Healthcare cost trend rates	Short-term rate for Non-Medicare retirees starts at 4.0% and at 4.7% for Medicare retirees and reflects the ACA Excise Tax effective 2022

The discount rate was based on the average of the Bond Buyer General Obligation 20-Bond Municipal Index.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

Mortality rates were based on the following:

Healthy retirement	Sex-distinct RP 2014 Total Dataset Mortality with separate employee, healthy annuitant rates, projected generationally using scale MP-2018
Disability retirement	Sex-distinct RP 2014 Total Dataset Mortality with separate employee, disabled annuitant rates, projected generationally using scale MP-2018

Changes in the Total OPEB Liability

Balance as of December 31, 2018	\$ 2,064,544
Changes for the year:	
Service cost	70,412
Interest on total OPEB liability	72,421
Effect of plan changes	-
Effect of economic/demographic gains or losses	(21,503)
Effect of assumptions changes or inputs	
Change due to Claims Costs update	596,875
Change due to Trend update	(421,709)
Change due to Mortality update	201,296
Change due to Discount Rate update	<u>(23,373)</u>
Total assumptions changes	353,089
Benefit payments	(59,842)
Balance as of December 31, 2018	<u>\$ 2,479,121</u>

Sensitivity of the total OPEB liability to changes in the discount rate—The following presents the total OPEB liability of the Assessor, calculated using the discount rate of 4.10%, as well as what the Assessor's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) than the current rate.

	<u>1% Decrease</u> 3.10%	<u>Discount Rate</u> 4.10%	<u>1% Increase</u> 5.10%
Total OPEB liability	\$ 2,954,914	\$ 2,479,121	\$ 2,106,001

The following presents the total OPEB liability of the Assessor, calculated using the current healthcare cost trend rates as well as what the Assessor's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current</u> Trend Rate	<u>1% Increase</u>
Total OPEB liability	\$2,118,386	\$2,479,121	\$2,952,655

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

6. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)

For the year ended December 31, 2018, the Assessor recognized OPEB expense of \$139,192. At December 31, 2018, the Assessor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (17,858)	\$ -
Changes of assumptions	-	293,243
Employer contributions subsequent to the measurement date	-	-
Total	\$ (17,858)	\$ 293,243

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	
2019	56,201
2020	56,201
2021	56,201
2022	56,201
2023	50,581
Total	<u>275,385</u>

7. LEASES

The Assessor has operating leases, an expenditure of \$10,058 for 2018, of the following nature:

An auto lease for a 24-month term, with monthly payments of \$838.16 dated March 14, 2017. The purchase option at the end of the lease is \$20,532. There is a possible early termination charge and mileage restrictions apply.

A copier lease for a 60-month term, with monthly payments of \$276.00 dated March 9, 2017. The purchase option at the end of the lease is fair market value.

A postage meter for a 60-month term, with monthly billed amounts of 98.84 paid quarterly dated November 8, 2016. The purchase option at the end of the lease is fair market value.

The minimum annual commitments under noncancelable operating leases are:

2019	6,174
2020	4,498
2021	4,399
2022	828
Total	<u>\$ 15,899</u>

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana
Notes to Financial Statements
December 31, 2018

8. EXPENDITURES OF THE ASSESSOR NOT INCLUDED IN THE FINANCIAL STATEMENTS

Certain operating expenditures of the Assessor's office are paid by the parish police jury as required by Louisiana Revised Statute 33:4714. These expenditures are summarized as follows and are not included in the accompanying financial statements:

Janitorial services, utilities, and capital—building expenditures

9. COOPERATIVE ENDEAVOR

On November 24, 2014, the DeSoto Parish Tax Assessor entered into a cooperative endeavor with the Town of Stonewall to provide offices for a satellite Tax Assessor's office in northern DeSoto Parish. Authorization for such endeavor is allowed by statutes La. R.S. 33:1324 and Louisiana Constitution of 1974, Article 7, Section 14(C).

10. COMMITMENTS AND CONTINGENCIES

During 2018 the DeSoto Parish Tax Assessor was not involved in any litigation or aware of any unasserted claims.

11. RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and injuries to employees. To handle some risk of loss, the Assessor has workers' compensation insurance for any employee injured on the job and surety bond coverage. No settled claims from these risks have exceeded insurance coverage for the past three years. There are no significant reductions in insurance coverage from the prior year.

12. DEFERRED COMPENSATION PLAN

Certain employees of the DeSoto Parish Tax Assessor participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Cod Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

13. RELATED PARTY TRANSACTIONS

There were no material related party transactions identified for the year ended December 31, 2018.

14. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2018:

	<u>12/31/2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2018</u>
Compensated absences	\$ 23,903	\$ 2,435	\$ -	\$ 26,338

15. SUBSEQUENT EVENTS

Management has performed an evaluation of the Assessor's activities through June 10, 2019, and has concluded that there are no significant events requiring recognition or disclosure through the date and time these financial statements were available to be issued.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive(Negative)
REVENUES				
Property taxes	\$ 1,695,000	\$ 1,695,000	\$ 1,735,482	\$ 40,482
State revenue sharing	14,000	14,000	14,827	827
Charges for services	7,100	7,100	4,953	(2,147)
Miscellaneous income	250	250	115	(135)
Investment earnings	25,000	25,000	50,076	25,076
TOTAL REVENUES	<u>1,741,350</u>	<u>1,741,350</u>	<u>1,805,453</u>	<u>64,103</u>
EXPENDITURES				
Personal services & related benefits	893,000	893,000	669,661	223,339
Operating expenses	192,500	192,500	104,969	87,531
Material & supplies	33,000	33,000	9,371	23,629
Travel & other charges	38,000	38,000	19,620	18,380
Capital outlays	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>1,256,500</u>	<u>1,256,500</u>	<u>803,621</u>	<u>452,879</u>
NET CHANGE IN FUND BALANCE	484,850	484,850	1,001,832	516,982
FUND BALANCE				
Beginning of the year	12,580,962	12,580,962	12,580,962	-
End of the year	<u>\$ 13,065,812</u>	<u>\$ 13,065,812</u>	<u>\$ 13,582,794</u>	<u>\$ 516,982</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the year ended December 31, 2018

Louisiana Assessors' Retirement Fund and Subsidiary:

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.03736%	\$ 542,871	\$ 440,000	123.38%	85.57%
2016	0.98206%	\$ 346,539	\$ 450,973	76.84%	90.68%
2017	0.93235%	\$ 163,600	\$ 448,038	36.51%	95.61%
2018	0.91785%	\$ 178,344	\$ 403,426	44.21%	95.46%

*Amounts presented were determined as of the measurement date of September 30, 2018.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended December 31, 2018

Louisiana Assessors' Retirement Fund and Subsidiary:

Fiscal Year	Contractually required contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	59,206	59,206	-	440,000	13.46%
2016	53,440	53,440	-	450,973	11.85%
2017	39,108	39,108	-	448,038	8.73%
2018	32,274	32,274	-	403,426	8.00%

*Amounts presented were determined as of the measurement date of the fiscal year.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The notes to the financial statements are an integral part of this statement.
 See the accompanying independent auditor's report.

**DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana**

**Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended December 31, 2018**

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ 70,412
Interest	72,421
Changes of benefit terms	-
Effect of economic/demographic gains or losses	(21,503)
Changes of assumptions	353,089
Benefit payments	<u>(59,842)</u>
Net change in total OPEB liability	<u>414,577</u>
Total OPEB Liability - beginning	<u>2,064,544</u>
Total OPEB Liability - ending	<u>\$ 2,479,121</u>
Covered-employee payroll	\$ 408,653
Net OPEB liability as a percentage of covered-employee payroll	606.66%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

**Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended December 31, 2018**

Anne Gannon, Assessor

Purpose:		
Salary	\$	144,976
Benefits- insurance		11,866
Benefits- retirement		11,598
Benefits- other		12,250
Car Allowance		-
Vehicle provided by government		4,934
Per diem		368
Reimbursements		1,207
Travel		2,276
Registration fees		-
Conferences and seminars		-
Continuing professional education fees		-
Cell phone		607
Unvouchered expenses		-
Special meals		-
Total	\$	<u>190,082</u>

Supplemental information.
See the accompanying independent auditor's report.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

Notes to Required Supplementary Information
As of and for the Year ended December 31, 2018

Budgetary Information

The Assessor uses the following budget practices:

The proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the Assessor and amended during the year, as necessary. The budget is established and controlled by the Assessor at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes or amendments to the budget must be approved by the Assessor.

Formal budgetary integration is employed as a management control device during the year, and encumbrance accounting is not used by the Assessor. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts. The budget was not amended during the year.

The DeSoto Parish Tax Assessor's budget is prepared in accordance with accounting principles accepted in the United States of America. The DeSoto Parish Tax Assessor's budget is adopted annually on the modified accrual basis of accounting.

The Louisiana Local Government Budget Act provides that "the total proposed expenditures shall not exceed the total of estimated funds available for the ensuing year." The "total estimated funds available" is the sum of the respective estimated fund balances at the beginning of the year and the anticipated revenues for the current year. Amendments to the adopted budget are required if total revenues fail to meet budgeted revenues by 5% or more, and/or total actual expenditures exceed total budgeted expenditures by 5% or more. Total revenues were more than budgeted revenues. Actual expenditures were less than budgeted amounts. The DeSoto Tax Assessor is in compliance with the Local Government Budget Act.

Pension Information

Changes of Benefit Terms

There were no changes of benefit terms for the year ended December 31, 2018.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2018.

Schedule of Changes in Net OPEB Liability and Related Ratios

Changes of Benefit Terms

An employee becomes eligible to elect medical coverage upon retiring with 25 years of service.

Changes of Assumptions

The discount rate increased to 4.10% for the year ended December 31, 2018 from 4.00% the previous year.

SUPPLEMENTAL INFORMATION

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
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INDEPENDENT AUDITOR'S 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*

DeSoto Parish Tax Assessor
212 Adams Street
Mansfield, Louisiana 71052

We have audited, in accordance with the 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the DeSoto Parish Tax Assessor's (Assessor) basic financial statements and have issued our report thereon dated June 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Assessor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control.

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 and correct 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Assessor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier CPA's
Natchitoches, Louisiana

June 10, 2019

DeSoto Parish Tax Assessor
Schedule of Audit Results
Year Ended December 31, 2018

I. Summary of Audit Results

1. An unmodified opinion was issued on the financial statements of the DeSoto Parish Tax Assessor as of and for the year ended December 31, 2018.
2. The audit did not disclose any material weaknesses in the internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None identified.

III. PRIOR YEAR AUDIT FINDINGS

None identified.

T | C | B | T
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**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING
STATEWIDE AGREED-UPON PROCEDURES**

DeSoto Parish Tax Assessor
212 Adams Street
Mansfield, Louisiana 71052

We have performed the procedures enumerated below, which were agreed to by the DeSoto Parish Assessor (the "Assessor") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Assessor is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are enumerated below.

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed whether those written policies and procedures address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:
 - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - ***Disbursements***, including processing, reviewing, and approving.
 - ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation.)

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

a) *Procedure Results - No exceptions noted.*

Board (or Finance Committee, if applicable)

2. We obtained and inspected the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - For governmental entities, obtained the prior year audit report and observed the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

a) *Procedure Results - The Assessor is an elected official with no board oversight; no meetings or minutes are required.*

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We identified the entity's main operating account. We selected the entity's main operating account and randomly selected four additional accounts (or all if less than five). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
 - Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

a) Procedure Results - No exceptions noted.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected the required amount of deposit sites (up to five).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties were properly segregated at each collection location such that:
- Employees that are responsible for cash collections do not share cash drawers/registers.
 - Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the deposits selected and:
 - We observed that receipts are sequentially pre-numbered.
 - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - We traced the deposit slip total to the actual deposit per the bank statement.
 - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - We traced the actual deposit per the bank statement to the general ledger.

a) *Procedure Results – Not required due to no exceptions in this category in the prior year.*

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, we obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:

- We observed that the disbursement matched the related original invoice/billing statement.
- We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

a) *Procedure Results - Not required due to no exceptions in this category in the prior year.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

a) *Procedure Results - Not required due to no exceptions in this category in the prior year.*

Travel and Expense Reimbursement

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we agreed the reimbursement rate to those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

- If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- We observed that each reimbursement was supported by documentation of the business/public purpose and other documentation required by written policy.
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

a) Procedure Results - Not required due to no exceptions in this category in the prior year.

Contracts

15. We obtained from management a listing of all agreements/contracts for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, and:

- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment.
- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

a) Procedure Results - Not required due to no exceptions in this category in the prior year.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:

- We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

- We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected the two employees/officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations. If applicable, we agreed the hours to the employees/officials' cumulative leave records and the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.
- a) *Procedure Results - Not required due to no exceptions in this category in the prior year.*

Ethics (excluding nonprofits)

20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management, and:
- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
- a) *Procedure Results - Not required due to no exceptions in this category in the prior year.*

Debt Service (excluding nonprofits)

21. We obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. We selected all bonds/notes on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
22. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants.
- a) *Procedure Results - Not applicable.*

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

a) *Procedure Results - We noted no exceptions; management represented that they are not aware of any misappropriations.*

24. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

a) *Procedure Results - We noted no exceptions.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the Statewide Agreed-Upon Procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DeSoto Parish Assessor and the Louisiana Legislative Auditor, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully,

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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Natchitoches, Louisiana

June 10, 2019