

**DESOTO PARISH TAX ASSESSOR
MANSFIELD, LOUISIANA**

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2017**

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, 2017, 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, 2017, 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.

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 20, 2018, 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 20, 2018, 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.

Johnson, Thomas + Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's
Natchitoches, LA 71457

June 20, 2018

REQUIRED
SUPPLEMENTAL INFORMATION

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ending December 31, 2017

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, 2017. 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 \$897,409 or 8% in December 31, 2017 compared to an increase of \$943,723 or 9% in 2016.
- Property taxes decreased \$20,143 (1.17%) to \$1,704,647 during the year ended December 31, 2017 compared to \$1,724,790 during 2016.
- The DeSoto Parish Tax Assessor's total general and program revenues decreased by \$19,760 or 1.11%.
- During the year ended December 31, 2017, the DeSoto Parish Tax Assessor had total expenses of \$854,421, excluding depreciation of \$9,471, compared to \$834,311 in 2016. This reflects an increase of \$20,110 or 2.41% during the year ended December 31, 2017.

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 a budgetary comparison schedule for the General Fund. Annual budgets are prepared on the cash basis. There is also a schedule of funding progress for the retiree health plan.

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 \$10,901,473 to \$11,798,882.

The DeSoto Parish Tax Assessor continues to maintain a high level of liquidity with \$10,960,201 (93%) of net position invested in demand deposits, LAMP securities, and certificates of deposit with various financial institutions as of December 31, 2017.

At December 31, 2017, \$34,561 (0.29%) of the Assessor's net position reflects capital assets with a historical cost of \$177,812 and accumulated depreciation of \$143,251.

Ad valorem taxes receivable increased by \$13,290.

The largest portion of the Assessor's net position \$11,764,321 (99.7%) as of December 31, 2017, and \$10,857,442 (99.6%) as of 2016, 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	2017	2016
Cash	\$ 7,388,091	\$ 6,452,957
Investments	3,572,110	3,554,559
Taxes Receivables	1,716,603	1,703,313
Intergovernmental Receivable	-	4,946
Accrued Interest	2,507	2,515
Prepaid Expenses	4,610	3,998
Capital Assets, Net of Depreciation	34,561	44,031
Total Assets	<u>12,718,482</u>	<u>11,766,319</u>
Deferred Outflows of Resources		
Pension related	<u>126,901</u>	<u>181,565</u>
Liabilities		
Current Liabilities		
Accounts Payable	2,312	5,696
Salaries and Benefits Payable	13,078	7,778
Long-term Liabilities		
Other Postemployment Benefit Obligation	697,448	599,662
Accrued Compensated Absences	23,903	20,131
Net pension liability	163,601	346,539
Total Liabilities	<u>900,342</u>	<u>979,806</u>
Deferred Inflows of Resources		
Pension related	<u>146,159</u>	<u>66,605</u>
Net Position		
Unrestricted	11,764,321	10,857,442
Net Investment in Capital Assets	34,561	44,031
Total Net Position	<u>\$ 11,798,882</u>	<u>\$ 10,901,473</u>

Changes in Net Position

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

Revenues	2017	2016
Program Revenue		
Charges for Services	\$ 6,710	\$ 9,942
General Revenue		
Property taxes	1,704,647	1,724,790
State Revenue Sharing	14,817	14,339
Investment Earnings	35,127	32,618
Miscellaneous	-	204.00
Loss on sale of assets	-	(832.00)
Total Revenue	<u>1,761,301</u>	<u>1,781,061</u>
Program Expenses		
General Government	<u>863,892</u>	<u>837,338</u>
Change in Net Position	897,409	943,723
Net Position Beginning	10,901,473	9,957,750
Net Position Ending	<u>\$ 11,798,882</u>	<u>\$ 10,901,473</u>

As the above presentation demonstrates, the Assessor's Office has increased its reserves by \$897,409 or 8%.

The DeSoto Assessor received \$1,704,647 (97%) and \$1,724,790 (97%) of its total revenues through property taxes during 2017 and 2016, respectively.

Approximately 0.38% (\$6,710) of the Fund's total revenue was derived through charges for services compared to 0.56% (\$9,942) in 2016.

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, 2017, differences between the government-wide presentation and the fund financial statements were due to prepaid insurance, depreciation changes associated with capital assets, changes in accrued compensated absences, the GASB 45 OPEB expense, and the GASB 68 non-employer contributions and pension expense.

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 2016. The Assessor's budget is based on the Government Fund's Statement of Revenues, Expenditures, and Changes in Fund Balance. The actual revenues were \$71,167 more than the budgeted amounts. The actual expenditures were \$476,604 less than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

There were no capital asset purchases for the year ended December 31, 2017.

DEBT ADMINISTRATION

For the year ended December 31, 2017, 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, 2017

	Governmental Funds Financial Statements		Government-wide Statements Statement of Net Position
	Balance Sheet		
	General Fund	Adjustments	
ASSETS			
Cash and cash equivalents	\$ 7,388,091	\$ -	\$ 7,388,091
Investments	3,572,110	-	3,572,110
Ad valorem tax receivable	1,716,603	-	1,716,603
Accrued interest	2,507	-	2,507
Prepaid expenses	-	4,610	4,610
Capital assets, net of accumulated depreciation, (see note 4)	-	34,561	34,561
TOTAL ASSETS	\$ 12,679,311	39,171	12,718,482
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	\$ -	126,901	126,901
LIABILITIES			
Accounts payable	2,312	-	2,312
Salaries and benefits payable	13,078	-	13,078
Accrued compensated absences	-	23,903	23,903
Other postemployment benefit obligations	-	697,448	697,448
Net pension liability	-	163,601	163,601
TOTAL LIABILITIES	15,390	884,952	900,342
DEFERRED INFLOWS OF RESOURCES			
Unavailable ad valorem taxes	82,959	(82,959)	-
Pension related	-	146,159	146,159
TOTAL DEFERRED INFLOWS OF RESOURCES	82,959	63,200	146,159
FUND BALANCE/NET POSITION			
Fund Balances:			
Unassigned	12,580,962	(12,580,962)	-
TOTAL FUND BALANCES	12,580,962	(12,580,962)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 12,679,311	(11,632,810)	
Net Position:			
Net investment in capital assets		34,561	34,561
Unrestricted		11,764,321	11,764,321
TOTAL NET POSITION		\$ -	\$ 11,798,882

The accompanying notes are an integral part of this statement.

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, 2017

Fund Balance - Governmental Fund	\$ 12,580,962
Amounts reported for governmental activities in the statement of net position are different because:	
Prepaid expenses involve payment with current financial resources that are attributable to fiscal periods beyond the end of the current year.	4,610
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	34,561
Certain deferred outflows are reported in the governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Deferred outflows-pension related	126,901
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.	82,959
Long-term liabilities are not due and payable on the current period, and therefore, are not reported in the governmental fund:	
Other postemployment obligations liability	(697,448)
Accrued compensated absences	(23,903)
Deferred inflows-pension related	(146,159)
Net pension liability	<u>(163,601)</u>
Total Net Position of Government Activities	\$ <u>11,798,882</u>

The accompanying notes are an integral part of this statement.

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, 2017

	Governmental Funds Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund	Adjustments	Government-wide Statements Statement of Activities
EXPENDITURES/EXPENSES			
General Government-Taxation:			
Personal services & related benefits	\$ 687,415	\$ 52,837	\$ 740,252
Operating expenses	82,472	(612)	81,860
Material & supplies	11,866	-	11,866
Travel & other charges	20,443	-	20,443
Capital outlays	-	-	-
Depreciation	-	9,471	9,471
TOTAL EXPENDITURES/EXPENSES	802,196	61,696	863,892
PROGRAM REVENUES			
Charges for services	6,710	-	6,710
TOTAL PROGRAM REVENUES	6,710	-	6,710
NET PROGRAM EXPENSE	795,486	61,696	857,182
GENERAL REVENUES			
Property taxes	1,757,863	(53,216)	1,704,647
State revenue sharing	14,817	-	14,817
Miscellaneous income	-	-	-
Investment earnings	35,127	-	35,127
TOTAL GENERAL REVENUES	1,807,807	(53,216)	1,754,591
NET CHANGE IN FUND BALANCE/ CHANGE IN NET POSITION	1,012,321	(114,912)	897,409
EXCESS (Deficiency) of REVENUES OVER EXPENDITURES / CHANGE IN NET ASSETS	1,012,321	(114,912)	897,409
FUND BALANCE / NET POSITION			
Beginning of the year	11,568,641		10,901,473
End of the year	\$ <u>12,580,962</u>		\$ <u>11,798,882</u>

The accompanying notes are an integral part of this statement.

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, 2017

Net change in Fund Balance - Governmental Fund	\$ 1,012,321
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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	612
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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	(9,471)

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.	(53,216)
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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	(74,655)	
Non-employer contributions to cost-sharing pension plan	123,375	
Other postemployment benefits	(97,786)	
Compensated absences	(3,771)	(52,837)
	<u> </u>	<u> </u>

Net change in Net Position	\$ <u>897,409</u>
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The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

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 (GAAP) 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. 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 Governmental Audit Guide*.

The more significant accounting policies established in 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 or 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, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS / BASIS OF ACCOUNTING (continued)

Accrual Basis—Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Property taxes are recognized as revenues in the year for which they are levied.

Modified Accrual Basis—Fund Financial Statements

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Assessor's operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Assessor considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred; however, principal and interest on general obligation long-term debt is recognized when 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, 2017. 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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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.

D. PREPAID EXPENSES

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid expenses.

E. ACCOUNTS RECEIVABLE

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

F. 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.

G. 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, 2017, 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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. EQUITY CLASSIFICATIONS

Net 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.

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.

I. 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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (continued)

The DeSoto Tax Assessor reports unavailable funds on the fund financial statements only. Unavailable funds arise when potential revenues do not meet both the "available" and "measureable" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria have been met or the DeSoto Tax Assessor has legal claim to the resources, the unavailable funds are revoked from the balance sheet and revenue is recognized. The DeSoto Tax Assessor's unavailable funds consists of ad valorem taxes.

J. 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.

K. 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.

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, 2017, 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, 2017
Levy date	June 30, 2017
Tax bills mailed	October 15, 2017
Total taxes are due	December 31, 2017
Penalties & interest added	January 31, 2018
Tax sale	May 16, 2018

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 \$719,797,208 in 2017. 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 \$41,700,737 of the assessed value in 2017.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

2. AD VALOREM TAXES (continued)

The following are the principal taxpayers for the Parish (2017 amounts):

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUATION	% OF TOTAL ASSESSED VALUATION	Ad Valorem Tax Revenue for Assessor
International Paper Co.	Manufacturing	\$ 56,210,543	7.81%	132,385
Exco Operating Co.	Oil & Gas	55,330,279	7.69%	130,312
Chesapeake Operating	Oil & Gas	46,153,310	6.41%	108,699
Southwestern Electric Company	Utility	28,890,964	4.01%	68,043
Louisiana Midstream Gas	Oil & Gas	28,565,208	3.97%	67,276
Acadian Gas Pipeline System	Oil & Gas	25,764,030	3.58%	60,679
Indigo Minerals LLC	Oil & Gas	25,101,290	3.49%	59,118
Enterprise Gathering LLC	Oil & Gas	24,978,080	3.47%	58,828
Covey Park Operating LLC	Oil & Gas	24,381,077	3.39%	57,421
Cleco Power LLC	Utility	24,161,160	3.36%	56,904
Total		\$ 339,535,941	47%	799,663

3. CASH AND INVESTMENTS

Cash:

At December 31, 2017, the DeSoto Parish Tax Assessor has cash (book balances) totaling \$6,229,050 and LAMP deposits of \$1,159,041 for a total of \$7,388,091.

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.

Investments:

At December 31, 2017, the DeSoto Parish Tax Assessor has the following investments and maturities:

Type of Investment	Fair Value
One-year Certificates of Deposit	\$ 3,572,110

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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

3. CASH AND INVESTMENTS

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, 2017, the Assessor had \$9,801,686 deposits (collected bank balances). These deposits are secured from risk by \$988,135 of federal deposit insurance; \$8,813,551 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, 2017 include \$1,159,041 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.

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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2017, is as follows:

<u>Governmental Activities</u>	December 31, 2016	Additions	Deletions	December 31, 2016
Auto	\$ 16,453	\$ -	\$ -	\$ 16,453
Computers and Peripherals	125,426	-	-	125,426
Furniture and Fixtures	24,769	-	-	24,769
Office Equipment	11,164	-	-	11,164
Total	<u>177,812</u>	<u>-</u>	<u>-</u>	<u>177,812</u>
Less Accumulated Depreciation				
Auto	16,453	-	-	16,453
Computers and Peripherals	81,394	9,471	-	90,865
Furniture and Fixtures	24,769	-	-	24,769
Office Equipment	11,164	-	-	11,164
Total	<u>133,780</u>	<u>9,471</u>	<u>-</u>	<u>143,251</u>
Capital Assets, Net	<u>\$ 44,032</u>	<u>\$ (9,471)</u>	<u>\$ -</u>	<u>\$ 34,561</u>

Depreciation expense of \$9,471 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, 2017

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.

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.

Back-Deferred Retirement Option Plan (Back-DROP) – 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 a normal retirement benefit. 2) the member has attained an age that is greater than the minimum required for eligibility, 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.

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, 2017 is 4.69%, the actual employer contribution rate for the fiscal year ended September 30, 2015 was 10%. 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.

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, 2017, 2016, and 2015, were \$71,912, \$87,061, and \$94,290, respectively, equal to the required contributions for each year.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

5. PENSION PLAN (continued)

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

At December 31, 2017, the DeSoto Parish Tax Assessor reported a liability of \$163,601 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2017 (Plan's measurement date), the District's proportion was 0.932349% which was a decrease of 0.0049710% from the proportion measured as of September 30, 2016.

For the year ended December 31, 2017, the District recognized pension expense of \$74,655, representing its proportionate share of the Plan's net expense, including amortization of deferred amounts.

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 18,235	\$ 51,365
Changes in assumptions	102,323	-
Net difference between projected and actual earnings on pension plan investments	-	63,309
Changes in employer's proportion of beg NPL	-	31,485
Differences between employer and proportionate share of contributions	(1,248)	-
Subsequent measurement contributions	7,591	-
Total	<u>\$ 126,901</u>	<u>\$ 146,159</u>

The District reported a total of \$126,901 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of September 30, 2017, which will be recognized as a reduction in net pension liability in the year ended December 31, 2017. 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,	
2018 \$	3,852
2019	3,852
2020	3,852
2021	3,851
2022	<u>3,851</u>
Total \$	<u>19,258</u>

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

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, 2017 is as follows:

Valuation Date	September 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense, including inflation
Projected Salary Increases	5.75%
Inflation Rate	2.50%
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, 2017, are summarized in the following table:

Asset Class	Long-term expected real rate of return
	2017
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 6.75%. 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 6.75%.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current discount rate (assuming all other assumptions remain unchanged):

	Discount rate	Assessor's proportionate share of net pension liability
1% decrease	5.75%	\$554,773
Current discount rate	6.75%	\$163,600
1% increase	7.75%	(\$171,739)

Change in Net Pension Liability – The changes in the net pension liability for the year ended December 31, 2017 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 \$18,235 and a deferred inflow of resources in the amount of \$51,365 for the year ended December 31, 2017.

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 \$63,309 for the year ended December 31, 2017.

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 \$102,323 for the year ended December 31, 2017.

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 \$31,485 for the year ended December 31, 2017.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description. The DeSoto Parish Tax Assessor provides continuing health, dental care and life insurance benefits for its retired employees. Eligibility for medical coverage is based on the following:

- 55 years old and 12 years of service, or
- 30 years of service at any age

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

Funding Policy. These benefits for the retirees are provided through an insurance company on a pay-as-you-go basis. The Assessor contributes 100% of the cost of current-year premiums for the seven retirees and two spouse. The Assessor recognizes the cost of providing these benefits (Assessor's cost of premiums) as an expenditure when the monthly premiums are paid. For the year ended December 31, 2017, the total amount of premiums paid for retirees totaled \$61,414.

Annual OPEB Cost and Net OPEB Obligation. The Assessors annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Assessor has elected to calculate the ARC and related information using the Unit Credit Actuarial Cost Method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years. The following table shows the components of the Assessor's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Assessor's net OPEB obligation to the Retiree Health Plan for year ended December 31, 2017:

Discount rate	4.00%
Determination of Annual Required Contribution	
Normal Cost at fiscal year end	\$ 69,945
Amortization of UAAL	98,770
Annual Required Contribution (ARC)	168,715
Determination of Net OPEB Obligation	
Annual Required Contribution	168,715
Interest on prior year Net OPEB Obligation	23,986
Adjustment to ARC	(39,330)
Annual OPEB Cost	153,371
Assumed Contributions made	(55,585)
Estimated Increase in Net OPEB Obligation	97,786
Net OPEB Obligation -beginning of year	599,662
Estimated Net OPEB Obligation - end of year	\$ 697,448

The Assessor's estimated annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation for year ended 2017 and the two preceding fiscal years assuming the plan is not prefunded (4% discount rate):

Fiscal Year Ended	Discount Rate	Annual OPEB Cost	% of OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	4.00%	\$ 158,608	34%	\$ 499,312
12/31/2016	4.00%	\$ 155,939	36%	\$ 599,662
12/31/2017	4.00%	\$ 153,371	36%	\$ 697,448

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Funded Status and Funding Progress. The Assessor's actuarial accrued liability for benefits was \$1,505,938, all of which was unfunded for the year ended 2017. The covered payroll (annual payroll of active employees covered by the plan) was \$410,056, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 367 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about rates of interest, future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unit credit actuarial cost method was used with the estimates based to an important degree on the assumptions made relative to various occurrences, such as rate of expected investment earnings by the fund, rates of mortality among active and retired employees, rates of termination from employment, and retirement rates. In the current valuation, the actuarial assumptions used for the calculation of costs and liabilities are:

Measurement date: Benefit liabilities are valued as of January 1, 2017.

Discount rate for valuing liabilities: 4.0% per annum, compounded annually.

Rate of inflation: 2.50% per annum, compounded annually.

Mortality rates: Pre-retirement; Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2017 using Scale AA. Post-retirement; Sex Distinct RP 2000 Combined Healthy Mortality Table projected to 2017 using Scale AA.

Participation: 100% of members at retirement will elect retiree medical coverage.

7. LEASES

The Assessor has operating leases, an expenditure of \$14,168 for 2017, 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.

DESOTO PARISH TAX ASSESSOR

Mansfield, Louisiana

Notes to Financial Statements

December 31, 2017

7. LEASES (continued)

The minimum annual commitments under noncancelable operating leases are:

2018	14,556
2019	6,174
2020	4,498
2021	4,399
2022	828
Total	\$ <u>30,455</u>

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 2017 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 Code 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, 2017.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana
Notes to Financial Statements
December 31, 2017

14. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended December 31, 2017:

	<u>12/31/2016</u>		<u>Additions</u>		<u>Reductions</u>		<u>12/31/2017</u>
Compensated absences	\$ 20,131	\$	3,772	\$		\$	23,903

15. SUBSEQUENT EVENTS

Management has performed an evaluation of the Assessor's activities through June 20, 2018, 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
SUPPLEMENTAL INFORMATION**

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive(Negative)</u>
REVENUES				
Property taxes	1,700,000	1,700,000	1,757,863	57,863
State revenue sharing	15,000	15,000	14,817	(183)
Charges for services	7,100	7,100	6,710	(390)
Miscellaneous income	250	250	-	(250)
Investment earnings	21,000	21,000	35,127	14,127
TOTAL REVENUES	<u>1,743,350</u>	<u>1,743,350</u>	<u>1,814,517</u>	<u>71,167</u>
EXPENDITURES				
Personal services & related benefits	\$ 918,000	\$ 918,000	\$ 687,415	\$ 230,585
Operating expenses	187,300	187,300	82,472	104,828
Material & supplies	33,000	33,000	11,866	21,134
Travel & other charges	40,500	40,500	20,443	20,057
Capital outlays	100,000	100,000	-	100,000
TOTAL EXPENDITURES	<u>1,278,800</u>	<u>1,278,800</u>	<u>802,196</u>	<u>476,604</u>
NET CHANGE IN FUND BALANCE	464,550	464,550	1,012,321	547,771
FUND BALANCE				
Beginning of the year	11,568,641	11,568,641	11,568,641	-
End of the year	<u>\$ 12,033,191</u>	<u>\$ 12,033,191</u>	<u>\$ 12,580,962</u>	<u>\$ 547,771</u>

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

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
For the year ended December 31, 2017

Louisiana Assessors' Retirement Fund and Subsidiary:

	<u>2015</u>	<u>2016</u>	<u>2017*</u>
Employer's Proportion of the Net Pension Liability (Asset)	1.037357%	0.982059%	0.932349%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 542,871	\$ 346,539	\$ 328,997
Employer's Covered-Employee Payroll	\$ 440,000	\$ 420,261	\$ 410,056
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	123.38%	82.46%	80.23%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.57%	90.68%	95.61%

*The amounts presented have a measurement date as of September 30, 2017.

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

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

SCHEDULE OF PENSION CONTRIBUTIONS
For the year ended December 31, 2017

Louisiana Assessors' Retirement Fund and Subsidiary:

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 59,206	\$ 53,440	\$ 39,108
Contributions in Relation to Contractually Required Contribution	<u>59,206</u>	<u>53,440</u>	<u>39,108</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Employer's Covered Employee Payroll	\$ 440,000	\$ 420,261	\$ 410,056
Contributions as a % of Covered Employee Payroll	13.46%	12.72%	9.54%

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

**DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana**

**Schedule of Funding Progress for Retiree Health Plan
For the Year Ended December 31, 2017**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Discount Rate</u>	<u>Actuarial Accrued Liabilities (AAL)</u>	<u>Unfunded Actuarial Accrued Liabilities (UAAL)</u>	<u>Funded Ratio</u>
January 1, 2013	0	4.00%	\$ 1,307,421	\$ 1,307,421	0.0%
January 1, 2014	0	4.00%	\$ 1,307,421	\$ 1,307,421	0.0%
January 1, 2015	0	4.00%	\$ 1,505,938	\$ 1,505,938	0.0%
January 1, 2016	0	4.00%	\$ 1,505,938	\$ 1,505,938	0.0%
January 1, 2017	0	4.00%	\$ 1,505,938	\$ 1,505,938	0.0%

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

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, 2017**

Anne Gannon, Assessor

Purpose:		
Salary	\$	144,976
Benefits- insurance		11,109
Benefits- retirement		11,598
Benefits- other		12,000
Car Allowance		-
Vehicle provided by government		5,115
Per diem		414
Reimbursements		2,619
Travel		1,744
Registration fees		-
Conferences and seminars		-
Continuing professional education fees		-
Cell phone		505
Unvouchered expenses		-
Special meals		-
Total	\$	<u><u>190,080</u></u>

The accompanying notes are an integral part of this statement.

DESOTO PARISH TAX ASSESSOR
Mansfield, Louisiana

Notes to Required Supplementary Information
As of and for the Year ended December 31, 2017

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

The schedule of the DeSoto Parish Tax Assessor's proportionate share of the net pension liability and the schedule of the DeSoto Parish Tax Assessor's pension contributions are intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule of Funding Progress for Retiree Health Plan

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability.

Johnson, Thomas & Cunningham

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
Ryan E. Todtenbier, 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, 2017, 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 20, 2018.

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.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's
Natchitoches, Louisiana

June 20, 2018

DeSoto Parish Tax Assessor
Schedule of Audit Results
Year Ended December 31, 2017

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, 2017.
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.

Johnson, Thomas & Cunningham

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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 specified and agreed to by the DeSoto Parish Assessor to assist the agency in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended December 31, 2017. We are required to perform each procedure and report the results, including any exceptions. The Assessor is responsible for internal controls and compliance with laws and regulations relative to the SAUPs and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes.

This agreed-upon procedures engagement was conducted 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*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the Assessor. 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or noted that the entity does not have any written policies and procedures), as applicable:

- ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Written policies and procedures were obtained and address the functions noted above.

- ***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.

Written policies and procedures were obtained and address the functions noted above.

- **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the functions noted above.

- **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, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and address the functions noted above.

- **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. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

- **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

This section is not applicable to the Assessor.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
- Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Assessor is an elected official with no board oversight; no meetings or minutes are required.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We were provided with the listing by management.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- Bank reconciliations have been prepared;

The Assessor has four bank accounts total. We obtained bank statements and reconciliations for all months in the fiscal period, with the exception of one bank account.

- Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

The bank reconciliations obtained did not contain evidence that management reviewed the bank reconciliations.

- If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Not applicable.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided the listing as requested.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). **For each cash collection location selected:**

- Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Management provided the documentation for the selected locations. No exceptions noted.

- Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

Management provided the documentation for the collection location.

- ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Management provided the required documentation for the selected deposits. No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collection documentation was obtained and no exceptions were noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Management provided the written procedures for collections, which addresses the process to determine completeness of collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

We obtained the general ledger and sorted for disbursements. We obtained management's representation that the general ledger population was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

All purchase disbursements selected were initiated using a purchase order system.

- Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Each selection showed evidence of approval by a person who did not initiate the purchase, without exception.

- Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Assessor is an elected official with no board oversight; therefore, she does have signatory authority and is responsible for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We noted all unused checks are kept in locked drawers.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable – no signature stamps or machines are in use at the Assessor's office.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the required listing. There are no credit cards.

Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Not applicable.

- Report whether finance charges and/or late fees were assessed on the selected statements.

Not applicable.

15. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- For each transaction, we report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

- For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

Not applicable.

- For each transaction, we compared the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

16. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We compiled the listing of travel reimbursements from the general ledger. Management represented that the listing was complete.

17. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained. No amounts listed exceed GSA rates.

18. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions noted.

- Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Not applicable.

- Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

19. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided the requested listing and representation.

20. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Formal/written contracts were provided to support the agreements.

- Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No noncompliance noted.

- Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

We noted no amendment to the contracts selected.

- Selected the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted.

Payroll and Personnel

21. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Changes made to hourly pay rates/salaries were approved in writing.

22. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All of the 5 employees selected documented daily attendance and leave.

- a) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Supervisory approvals were noted on all selections, without exception.

- b) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

We observed the written leave records maintained for all selections, without exception.

23. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No employees were terminated.

24. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

25. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

All of the randomly selected employees, which were selected for payroll and personnel procedures, completed the required ethics training.

26. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Per inquiry of management, there were no alleged ethics violations reported to the Assessor during the fiscal period.

Debt Service (excluding nonprofits)

27. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable – No debt was issued during the fiscal period.

28. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Assessor had no outstanding debt during the fiscal period.

29. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report whether any millages continue to be received for debt that has been paid off.

The Assessor had no tax millages related to debt service.

Other

30. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, we obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the Assessor attorney of the parish in which the entity is domiciled.

Per discussion with the Assessor, there were no funds or assets misappropriated during the period.

31. We observed whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We viewed the notice required by R.S. 24:523.1 posted on the Assessor's premises. The Assessor does not have a website.

32. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Not applicable – no exceptions noted.

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 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,

Johnson, Thomas & Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's

June 20, 2018
Natchitoches, Louisiana

DeSoto Parish Assessor
Management's Response to Exceptions to
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2017

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 4: Management will enforce its policy to obtain evidence of review of bank reconciliations by management not involved in the transactions associated with the bank account.

Management will ensure bank reconciliations are prepared each month for each bank account.