

CADDO PARISH TAX ASSESSOR**SHREVEPORT, LOUISIANA****DECEMBER 31, 2006**

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

Release Date 5-16-07

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section presents readers of the financial statements of the Caddo Parish Tax Assessor's Office with a narrative overview and analysis of its financial activities for the fiscal year ended December 31, 2006. It is intended to serve as an introduction to the basic financial statements of the Caddo Parish Tax Assessor, which statements consist of government-wide financial statements, fund financial statements, notes thereto, and other financial information.

Financial Highlights

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

Total assets increased by \$474,818, or 72%. This is due to the Assessor's office having an excess of revenue over expenditures for the current year and investing in certificates of deposit. Total liabilities decreased by \$4,926. This was mainly due to payments made on the lease obligation during the year.

Revenues for the current year exceeded prior year's revenues by \$197,225, which is due to an increase in charges for services, property tax revenue, and interest income. Expenditures increased by \$59,917 from the prior year. This is due mainly to an increase in salaries expense.

Capital assets had an increase of \$33,613, which is additional assets purchased during the year, and decreases in the amount of \$44,871. This was due to fixed assets with a book value of \$1,430 being transferred to the Caddo Parish Commission for auction and depreciation expense of \$43,441.

USING THIS ANNUAL REPORT

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

Reporting the Funds Maintained by the Assessor as a Whole

The Statement of Net Assets and the Statement of Activities

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

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

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

THE FUNDS MAINTAINED BY THE ASSESSOR AS A WHOLE

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

**Table 1
Net Assets**

	Government-Wide Activities <u>2006</u>	Government-Wide Activities <u>2005</u>
Cash and cash equivalents	107,982	147,181
Investments	815,604	315,497
Accrued interest receivable	11,085	5,133
Accounts receivable	18,938	-
Capital assets, net of accumulated depreciation	<u>177,282</u>	<u>188,262</u>
Total assets	1,130,891	656,073
Liabilities	<u>170,368</u>	<u>165,442</u>
Total liabilities	170,368	165,442
Net assets:		
Invested in capital assets, net of related debt	80,818	64,049
Unrestricted	<u>879,705</u>	<u>426,582</u>
Total net assets	<u>960,523</u>	<u>490,631</u>

Net assets of the funds maintained by the Assessor increased by \$469,892 or 96%.

**Table 2
Change in Net Assets**

	Government-Wide Activities <u>2006</u>	Government-Wide Activities <u>2005</u>
Revenues		
Caddo Assessment District	2,685,211	2,559,979
State revenue sharing	107,648	109,947
Other	<u>221,613</u>	<u>147,321</u>
Total revenues	3,014,472	2,817,247

Table 2
Change in Net Assets

	Government-Wide Activities <u>2006</u>	Government-Wide Activities <u>2005</u>
Expenses		
General governmental	<u>2,544,580</u>	<u>2,484,663</u>
Increase in net assets	<u>469,892</u>	<u>332,584</u>

For the funds maintained by the Assessor, total revenues increased \$197,225 in 2006, from total revenues in 2005 of \$2,817,247. The increase was the result of an increase in property tax revenue, charge for services, and interest income.

CAPITAL ASSETS

During 2004, the Assessor adopted the provisions of Governmental Accounting Standards Board Statement No. 34 as pertaining to capital assets and depreciation. This resulted in a change in the format and content of the basic financial statements. At the end of 2005, the Assessor had invested \$1,032,943 in capital assets from those funds maintained by the Assessor, with a net book value of \$188,262. At the end of 2006, the Assessor had invested \$1,046,736 in capital assets with a net book value of \$177,282.

Table 3
Capital Assets At Year End

	Government-Wide Activities <u>2006</u>	Government-Wide Activities <u>2005</u>
Furniture, office equipment and GIS equipment	244,033	241,347
Computer equipment	<u>802,703</u>	<u>791,596</u>
	1,046,736	1,032,943
<u>Less-accumulated depreciation</u>	<u>(869,454)</u>	<u>(844,681)</u>
Capital assets, net	<u>177,282</u>	<u>188,262</u>
Major additions included:		
Computer equipment	26,717	176,406
Furniture, office equipment and GIS equipment	<u>6,896</u>	<u>6,571</u>
Total	<u>33,613</u>	<u>182,977</u>

Requests for Information

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

AUDITED COMPONENT UNIT FINANCIAL STATEMENTS

HEARD McELROY & VESTAL

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February 26, 2007

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

Independent Auditor's Report

We have audited the component unit financial statements of the governmental activities and each major fund of the Caddo Parish Tax Assessor, a component unit of the Caddo Parish Commission, as of December 31, 2006, and for the year then ended, as listed in the table of contents. These component unit financial statements are the responsibility of the Caddo Parish Tax Assessor management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Caddo Parish Tax Assessor as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2007, on our consideration of the Assessor's internal control over financial reporting, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying required supplemental information, consisting of management's discussion and analysis on Pages 1 through 3, and budgetary comparison information on Pages 22 through 23, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which

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consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Heard, McElroy & Vestal LLP

CADDO PARISH TAX ASSESSOR

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	107,982
Investments, at cost	815,604
Accrued interest receivable	11,085
Accounts receivable	18,938
Furniture, office equipment and GIS equipment, net of accumulated depreciation	18,098
Computer equipment, net of accumulated depreciation	<u>159,184</u>
Total assets	<u>1,130,891</u>
 <u>LIABILITIES AND NET ASSETS</u>	
<u>Liabilities:</u>	
Accounts payable and accrued expenses	2,971
Deferred revenue	70,933
Capital lease obligation payable-current portion	29,010
Long-term capital lease obligation, less current portion	<u>67,454</u>
Total liabilities	170,368
 <u>Net assets:</u>	
Invested in capital assets, net of related debt	80,818
Unrestricted	<u>879,705</u>
Total net assets	<u>960,523</u>
Total liabilities and net assets	<u>1,130,891</u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Activities</u>
<u>Expenses:</u>	
Insurance	480,708
General office expense	43,200
Professional fees	33,707
Equipment maintenance	42,260
Postage	26,150
Education and travel	15,518
Automobile	68,988
Office forms	12,708
Office supplies	22,167
Interest expense	4,966
Salaries	1,539,559
Retirement fund expense	209,778
Depreciation	43,441
Book value of assets retired	<u>1,430</u>
Total expenses	2,544,580
<u>Program revenue:</u>	
Charges for services	<u>143,529</u>
Total revenue	(2,401,051)
<u>General revenue:</u>	
Caddo Assessment District	2,685,211
State revenue sharing	107,648
Interest income	78,025
Miscellaneous	<u>59</u>
	<u>2,870,943</u>
<u>Change in net assets</u>	469,892
<u>Net assets-beginning of year</u>	<u>490,631</u>
<u>Net assets-end of year</u>	<u>960,523</u>

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

CADDO PARISH TAX ASSESSOR
BALANCE SHEETS-ALL FUND TYPES
DECEMBER 31, 2006

<u>ASSETS</u>	<u>Governmental Fund Type</u> <u>Salary and Expense Fund</u>	
	<u>2006</u>	<u>2005</u>
Cash and cash equivalents-Note 3	107,982	147,181
Investments, at cost-Note 4	815,604	315,497
Accrued interest receivable	11,085	5,133
Accounts receivable	<u>18,938</u>	<u>-</u>
Total assets	<u>953,609</u>	<u>467,811</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
<u>Liabilities:</u>		
Accounts payable and accrued expenses	2,971	4,011
Deferred revenue-Note 9	<u>70,933</u>	<u>37,219</u>
Total liabilities	73,904	41,230
 <u>Fund equity:</u>		
Fund balance-unreserved and undesignated	<u>879,705</u>	<u>426,581</u>
Total liabilities and fund equity	<u>953,609</u>	<u>467,811</u>

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

CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE

GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Total fund balance for the governmental fund	879,705	426,581
Cost of capital assets, less accumulated depreciation	177,282	188,262
Capital lease obligation payable, current and long-term	<u>(96,464)</u>	<u>(124,212)</u>
Total net assets of the governmental activities	<u>960,523</u>	<u>490,631</u>

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

CADDO PARISH TAX ASSESSOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

GOVERNMENTAL FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2006

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED

DECEMBER 31, 2005

	<u>Governmental Fund Type</u>	
	<u>Salary and Expense Fund</u>	
	<u>2006</u>	<u>2005</u>
<u>Revenues:</u>		
Caddo Assessment District-Note 2	2,685,211	2,559,979
State revenue sharing-Note 9	107,648	109,947
Charges for services	143,529	108,259
Interest income	78,025	38,892
Proceeds from debt	-	146,414
Miscellaneous	<u>59</u>	<u>170</u>
Total revenues	3,014,472	2,963,661
 <u>Expenditures:</u>		
Insurance	480,708	482,140
General office expense	43,200	41,460
Professional fees	33,707	49,681
Equipment maintenance and purchases	76,150	224,426
Postage	26,150	22,567
Education and travel	15,518	18,161
Automobile	68,988	59,390
Office forms	12,708	12,829
Office supplies	22,167	21,520
Salaries-assessor	93,090	93,090
Salaries-deputies	1,409,609	1,358,460
Salaries-other	36,860	30,284
Retirement fund expense-Note 6	209,778	209,709
Debt service:		
Principal	27,749	22,201
Interest	<u>4,966</u>	<u>5,062</u>
Total expenditures	<u>2,561,348</u>	<u>2,650,980</u>
 <u>Excess of revenue over expenditures</u>	453,124	312,681
 <u>Beginning fund balance</u>	<u>426,581</u>	<u>113,900</u>
 <u>Ending fund balance</u>	<u>879,705</u>	<u>426,581</u>

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

CADDO PARISH TAX ASSESSOR

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Net change in fund balance-governmental fund	453,124	312,681
Debt service-proceeds	-	(146,414)
Debt service-principal payments	27,749	22,201
Equipment purchases	33,622	182,977
Depreciation expense	(43,441)	(38,607)
Book value of assets retired	(1,430)	(254)
Other miscellaneous	<u>268</u>	<u>-</u>
Change in net assets of governmental activities	<u>469,892</u>	<u>332,584</u>

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

CADDO PARISH TAX ASSESSOR
STATEMENT OF FIDUCIARY NET ASSETS
DECEMBER 31, 2006

ASSETS

Investment in deferred compensation-Note 12	<u>544,378</u>
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NET ASSETS

Net assets	<u>544,378</u>
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The accompanying notes are an integral part of these financial statements.

CADDO PARISH TAX ASSESSOR
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2006

Balance beginning of year		806,687
<u>Increases:</u>		
Contributions	25,271	
Earnings on investments	<u>43,890</u>	69,161
<u>Decreases:</u>		
Withdrawals	328,965	
Administrative fees	<u>2,505</u>	<u>331,470</u>
Balance end of year		<u><u>544,378</u></u>

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

CADDO PARISH TAX ASSESSOR

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2006

Introduction

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

The assessor's office is located in the Caddo Parish Courthouse in Shreveport, Louisiana. The assessor employs 64 employees, including 49 deputies. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector who is responsible for collecting and distributing taxes to the various taxing bodies.

At December 31, 2006, there are 135,092 real property and movable property assessments totaling \$1,085,894,760 and \$350,472,210, respectively. This represents an increase of 1,530 assessments with an increase totaling \$34,599,820 in value over the prior year. The increase in the number of assessments is due primarily to new construction and new business establishments.

1. Summary of Significant Accounting Policies

Basis of Presentation

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

The financial statements include:

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

1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements

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

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

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

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

Reporting Entity

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

Fund Accounting

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

Governmental Funds

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

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

Basis of Accounting

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

Revenues

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

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

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Budgets and Budgetary Accounting

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

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

Cash and Cash Equivalents and Investments

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

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

Capital Assets

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

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

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

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

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

Vacation and Sick Leave

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

Risk Management

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

2. **Levied Taxes**

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

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

The total taxes assessed by the Caddo Assessment District were \$2,732,269 for the year ended December 31, 2006. For 2006, \$2,645,932 in taxes were collected, and \$3,792 were refunded to taxpayers. Approximately 96.8% of the taxes assessed were collected for 2006 and the assessor believes that the remaining 3.2%, \$86,337, will never be collected mainly as a result of bankruptcies and protested taxes.

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

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

The following are the principal taxpayers for the parish:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2006 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Southwestern Electric Power	Utility-electric	62,043,050	4.21%
Bell South	Utility-phone	28,036,340	1.91%
General Motors	Manufacturer	30,215,230	2.05%
Sam's Town	Gaming	17,592,380	1.19%
Universal Oil Products	Manufacturer	14,282,280	0.97%
Capital One	Bank	10,941,510	0.74%
AmSouth Bank	Bank	11,193,200	0.76%
Wal-Mart	Retail	8,443,130	0.57%
Calumet	Refinery	12,683,450	0.86%
CenterPoint Energy	Utility-gas	<u>11,465,650</u>	<u>0.78%</u>
		<u>206,896,220</u>	<u>14.04%</u>

3. **Cash and Cash Equivalents**

At December 31, 2006, the assessor has cash and cash equivalents as follows:

Commercial interest checking	<u>107,982</u>
------------------------------	----------------

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

4. **Investments**

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

	<u>Rate of Interest</u>	<u>Salary and Expense Fund</u>
Chase	4.77%	120,000
Capital One	4.83% - 5.18%	585,604
Bancorp South	5.32%	<u>110,000</u>
		<u>815,604</u>

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

5. **Changes in Capital Assets**

A summary of changes in capital assets and depreciation activity for the year ended December 31, 2006 is as follows:

	<u>Furniture, Office Equipment and GIS Equipment</u>	<u>Computer Equipment</u>	<u>Total</u>
Balance January 1, 2006	241,347	791,596	1,032,943
Additions	6,896	26,717	33,613
Deletions	<u>(4,210)</u>	<u>(15,610)</u>	<u>(19,820)</u>
Balance December 31, 2006	244,033	802,703	1,046,736
<u>Less-accumulated depreciation</u>	<u>(225,934)</u>	<u>(643,520)</u>	<u>(869,454)</u>
Capital assets, net	<u>18,099</u>	<u>159,183</u>	<u>177,282</u>

6. **Pension Plan**

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

6. Pension Plan (Continued)

All full-time employees are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

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

Contributions to the System include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of each parish including the homestead exemption plus revenue sharing funds appropriated by the legislature. State statute requires plan members to contribute 8% of their annual covered salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caddo Parish Tax Assessor's contributions to the System for the years ending December 31, 2006 and 2005 were \$209,778 and \$209,709, respectively, equal to the required contributions for each year.

7. Other Postemployment Benefits

The Assessor pays 100% of retirees' medical and life insurance premiums and 50% of the retirees' dependent medical coverage. The eligibility requirement is that the former employee must have met the requirements of the retirement system. These requirements are at least twelve years of covered service and at least fifty-five years of age or thirty years of service. The employer's contributions are financed on a pay-as-you-go basis. The number of participants currently eligible to receive benefits is sixteen. Retirees' medical and life insurance premiums paid during 2006 were \$99,338.

8. Leases

The Caddo Parish Tax Assessor has three operating lease agreements for automobiles and office equipment. Two leases are for 36-month terms, and one is for 60 months. During 2006, total payments under these leases were \$19,013.

The following is a schedule of future minimum rental payments required under the operating leases as of December 31, 2006:

2007	18,055
2008	18,055
2009	8,594
2010	4,932
2011	-
	<u>49,636</u>

9. **Deferred Revenue**

The balance of deferred revenue is state revenue sharing funds and taxes received prior to year end which were attributable to the year ended December 31, 2007.

10. **Litigation**

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

11. **Capital Lease Obligation**

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

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

The following is a schedule of future minimum lease payments as of December 31, 2006, together with the present value of the net minimum lease payments:

2007	32,715
2008	32,715
2009	32,715
2010	<u>5,453</u>
	103,598
<u>Less-amounts representing interest</u>	<u>7,134</u>
Present value of net minimum lease payments	<u>96,464</u>

12. **Deferred Compensation**

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

REQUIRED SUPPLEMENTAL INFORMATION (UNAUDITED)

CADDO PARISH TAX ASSESSOR
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Type</u> <u>Salary and Expense Fund</u>		Variance
	<u>Actual</u>	<u>Budget</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues:</u>			
Caddo Assessment District	2,685,211	2,732,270	(47,059)
State revenue sharing	107,648	110,000	(2,352)
Interest income	78,025	19,500	58,525
Other revenues	<u>143,588</u>	<u>77,635</u>	<u>65,953</u>
Total revenues	3,014,472	2,939,405	75,067
<u>Prior year surplus</u>	426,581	426,581	-
<u>Expenditures:</u>			
Insurance	480,708	566,800	86,092
General office expense	43,200	51,169	7,969
Professional fees	33,707	62,300	28,593
Equipment maintenance and purchases	76,150	186,171	110,021
Mapping	-	200	200
Postage	26,150	44,600	18,450
Education and travel	15,518	25,700	10,182
Automobile	68,988	82,916	13,928
Office forms	12,708	23,377	10,669
Office supplies	22,167	32,767	10,600
Salaries	1,539,559	1,800,000	260,441
Retirement fund expense	209,778	255,000	45,222
Debt service	<u>32,715</u>	-	<u>(32,715)</u>
Total expenditures	<u>2,561,348</u>	<u>3,131,000</u>	<u>569,652</u>
<u>Fund balance:</u>			
December 31, 2006	<u>879,705</u>	<u>234,986</u>	<u>644,719</u>

CADDO PARISH TAX ASSESSOR

NOTES TO BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2006
(Unaudited)

1. Budget

Refer to Note 1 of the government-wide financial statements for details regarding the budget process. The budget presented on Page 22 is the original budget with no amendments to the budget during the year.

2. Excess of Expenditures over Budget

Actual expenditures exceeded budgeted expenditures as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
Salary and Expense Fund:			
Debt service	-	32,715	(32,715)

The unfavorable variance in debt service was the capital lease obligation due to the purchase of the computer system in 2005. The Assessor does not include this expenditure in the operating budget.

OTHER FINANCIAL INFORMATION

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2006

(Unaudited)

<u>NAME</u>	<u>NO. YEARS</u> <u>SERVICE</u>		<u>POSITION HELD</u>	<u>SALARY</u>
<u>ASSESSOR</u>				
Charles R. Henington, Jr.	20 yrs.	8 mos.	Assessor	93,090
<u>DEPUTIES</u>				
Fannie M. Allen	7 yrs.	9 mos.	Abstract Specialist I	23,400
Larry W. Arnold	28 yrs.	10 mos.	Senior Systems Analyst	61,344
Alice G. Bagley	29 yrs.	2 mos.	Senior Data Assistant	26,964
Linda B. Botelho	7 yrs.	5 mos.	Abstract Specialist I	22,200
John O. Breen	15 yrs.	3 mos.	Supervisor	4,920
Mary L. Brummer	25 yrs.	4 mos.	Administrative Officer	38,490
René S. Burk	27 yrs.	9 mos.	Accounts Payable	35,910
Margaret J. Burns	5 yrs.	8 mos.	Supervisor	28,770
Mary Ann Carmer	19 yrs.	10 mos.	Data Assistant II	24,950
Dorsey B. Cleveland	17 yrs.	10 mos.	Supervisor	32,094
Ronald L. Cox	23 yrs.	11 mos.	GIS Technician I	36,602
Theresa N. Edwards	30 yrs.	11 mos.	Abstract Specialist I	24,695
Treva Jo Faircloth	6 yrs.		Supervisor	26,150
Brett K. Frazier		9 mos.	Field Data Collector I	16,064
Sandra C. Gilliam	28 yrs.	7 mos.	Real Estate Assistant II	24,816
Leslie Y. Glover	27 yrs.	4 mos.	Real Estate Evaluator I	24,911
Mattie W. Goodwin	23 yrs.	10 mos.	Office Assistant	18,941
Kristin H. Gonzalez	7 yrs.	7 mos.	Real Estate Evaluator I	23,240
Jarrold C. Hammonds		2 mos.	Field Auditor I	2,978
Clarinda Gay Henderson	26 yrs.	10 mos.	Supervisor	34,150
Jane E. Holland	19 yrs.	6 mos.	Field Auditor II	20,810
Lester M. Jackson	30 yrs.	11 mos.	Supervisor	34,140
Etta Mae Johnson	12 yrs.	11 mos.	Real Estate Evaluator II	25,164
Gregory F. Johnson	22 yrs.	3 mos.	Department Director	41,040
Anthony Q. Jones	15 yrs.		Field Auditor I	26,426
Cynthia Jane Keith		10 mos.	Field Auditor I	18,602
David F. Kelly		8 mos.	Field Data Collector I	13,430
Frances Lawrence	13 yrs.	3 mos.	GIS Technician I	26,024
James R. Lewis	9 yrs.	8 mos.	Field Data Collector II	27,190
Beverly I. McConnell	27 yrs.	5 mos.	Homestead Assistant I	24,960
Vicki W. McConnell	21 yrs.	7 mos.	Receptionist	28,630
Julia Dorry McDonald	24 yrs.	10 mos.	Supervisor	31,279
Joe D. Maxwell	13 yrs.	11 mos.	Supervisor	33,740
Richard Alan Moore	28 yrs.	8 mos.	Senior Systems Analyst	61,344

CADDO PARISH TAX ASSESSOR

EMPLOYEES' SALARIES PAID BY THE CADDO PARISH TAX ASSESSOR

FOR THE YEAR ENDED DECEMBER 31, 2006

<u>NAME</u>	<u>NO. YEARS SERVICE</u>		<u>POSITION HELD</u>	<u>SALARY</u>
<u>DEPUTIES (Continued)</u>				
Audrey R. Newton	27 yrs.	5 mos.	Real Estate Assistant I	24,045
Randy C. Passaniti	31 yrs.		Department Director	39,600
John Louis Peck, Jr.	4 yrs.	3 mos.	Field Auditor I	21,015
Catha C. Richmond	7 yrs.	9 mos.	Abstract Specialist I	8,330
Hardy I. Teer	18 yrs.	10 mos.	Chief Fiscal Officer	40,590
Sarah J. Terrell	30 yrs.	11 mos.	Supervisor	33,840
Robert Thomas, Jr.	26 yrs.	10 mos.	Department Director	40,800
Beth A. Thompson	11 yrs.	2 mos.	Supervisor	28,450
Keith Edward Tibbit	20 yrs.	2 mos.	Department Director	37,540
Debra R. Vucinovich	9 yrs.	11 mos.	Abstract Specialist I	23,870
Garland E. Weidner	19 yrs.	5 mos.	Chief Deputy	67,315
Judy B. Whatley	9 yrs.	10 mos.	Abstract Specialist I	23,160
Marilyn B. Williams	9 yrs.	11 mos.	Abstract Specialist II	25,890
Gloria T. Winters	8 yrs.	11 mos.	Real Estate Evaluator I	26,400
Eric C. Zenter	2 yrs.	11 mos.	Field Data Collector I	24,396

EXTRA HELP

Samantha L. Caldwell		1 mo.	Summer Employee	752
Krendra Miesha Cash	1 yr.	3 mos.	Summer Employee	1,694
Julia A. Gilliam	7 yrs.	7 mos.	Summer Employee	7,891
Natasha N. Gilyard	1 yr.	2 mos.	Summer Employee	1,917
Greg Clifton Johnson	1 yr.	1 mo.	Extra Employee	5,746
Charles P. McDonald			Summer Employee	41
Marquis J. Montgomery		3 mos.	Summer Employee	2,217
Paula C. Newton		2 mos.	Summer Employee	2,019
Amber J. Pinkney		2 mos.	Summer Employee	1,482
Hunter P. Robertson		4 mos.	Summer Employee	2,339
Chelsea N. Shackelford	1 yr.	3 mos.	Summer Employee	1,823
John Phillip Walker		4 mos.	Extra Employee	2,285
Jessica J. Washington			Summer Employee	41
Lizzie Ann Washington		6 mos.	Abstract Specialist I	6,613

Total

1,539,559

OTHER REPORTS

February 26, 2007

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

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

We have audited the component unit financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2006, and have issued our report thereon dated February 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Assessor's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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Compliance and Other Matters

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

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

Heard, McElroy & Vistal, LLP

CADDO PARISH TAX ASSESSOR

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2006

We have audited the financial statements of Caddo Parish Tax Assessor as of and for the year ended December 31, 2006, and have issued our report thereon dated February 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or control deficiency was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - No major program.

Section II - Financial Statement Findings

No matters were reported.

CADDO PARISH TAX ASSESSOR
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2006

No prior year findings were reported.