

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

First Municipal District Assessor  
Parish of Orleans  
New Orleans, Louisiana

January 23, 2008



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**Daniel G. Kyle, Ph.D., CPA, CFE**  
**Legislative Auditor**

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**Daniel G. Kyle, Ph.D., CPA, CFE**

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**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
New Orleans, Louisiana**

**General Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended December 31, 2008**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the State's Budget and New Orleans offices of the Legislative Auditor.

January 25, 2009

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**

General Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended December 31, 2000

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BARRETT & BYRD, P.C., P.A., C.P.A., C.F.P.A.  
LEGISLATIVE AUDITOR

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December 8, 2001

Independent Auditor's Report  
on the Financial Statements

**HONORABLE PATRICIA A. JOHNSON**  
**FIRST MUNICIPAL DISTRICT ASSESSOR**  
**PARISH OF ORLEANS**  
New Orleans, Louisiana

We attempted to audit the accompanying general purpose financial statements of the First Municipal District Assessor, Parish of Orleans (Assessor), as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of management of the First Municipal District Assessor, Parish of Orleans.

As explained in Exhibits A and B of this report, the Assessor did not have adequate documentation to support financial transactions reflected in the accompanying general purpose financial statements and failed to provide us with financial records necessary for us to apply sufficient audit procedures to enable us to express an opinion on the fair presentation of the accompanying general purpose financial statements. Furthermore, the Assessor failed to provide us with written representations regarding financial matters of her office and her office's compliance with various laws and regulations. These written representations from the Assessor are required by auditing standards generally accepted in the United States of America.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the fair presentation of the financial statements referred to in the first paragraph or on the accompanying supplemental information schedule.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2001, on our consideration of the Assessor's internal control over financial reporting and on our tests of her compliance with certain provisions of laws and regulations. That report is an integral part of attempting an audit in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our engagement.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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(01-2001-0000)

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, December 31, 2000

	GOVERNMENTAL FUND - GENERAL FUND	ACCOUNT GROUP - GENERAL FUND ASSETS	TOTAL (SUM OF GOVERNMENTAL ORLY)
<b>ASSETS</b>			
Cash and cash equivalents (note 3)	\$25,000		\$25,000
Office furnishings and equipment (note 3)		\$22,170	\$22,170
<b>TOTAL ASSETS</b>	<b>\$25,000</b>	<b>\$22,170</b>	<b>\$47,170</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities:</b>			
Accounts payable	\$4,154		\$4,154
Payroll taxes payable	1,000		1,000
Other liabilities	1,000		1,000
Total Liabilities	\$6,154	\$0.00	\$6,154
<b>Equity:</b>			
Investment in general fund assets		\$22,170	\$22,170
Fund balance - unreserved - unassigned	20,000		20,000
Total Equity	\$20,000	\$22,170	\$42,170
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$26,154</b>	<b>\$22,170</b>	<b>\$48,324</b>

The accompanying notes are an integral part of this statement.

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
For the Year Ended December 31, 2008**

**REVENUES**

Intergovernmental revenues -

Board of Assessors:

Allocation

\$134,813

Document transfer fees

53,285

Revenue sharing

5,764

Co-benefit payments

92,888

Legal fees

15,000

Interest income

1,839

Other income

1,582

Total revenues

304,981**EXPENDITURES**

Personal services and related benefits

\$12,273

Operating services

77,264

Travel and other charges

3,857

Total expenditures

93,394**EXCESS OF EXPENDITURES OVER REVENUES****(4,788)**

**FUND BALANCE AT BEGINNING OF YEAR,  
As RESTATED (note 7)**

93,382**FUND BALANCE AT END OF YEAR****(4,788)**

The accompanying notes are an integral part of this statement.

**UNAUDITED**

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2000**

	Actual on GAAP Basis	(Note 1.E.) Adjustment to GAAP Basis	Adjusted GAAP Basis
<b>REVENUES</b>			
Intergovernmental revenues -			
Based on Assessors:			
Allocation	\$104,040		\$104,040
Declarant transfer fees	33,288		33,288
Revenue sharing	9,764		9,764
On-behalf payments	92,858	(\$92,858)	
Legal fees	10,000		10,000
Interest income	1,828		1,828
Other income	1,152		1,152
Total revenues	<u>308,830</u>	<u>(\$92,858)</u>	<u>185,998</u>
<b>EXPENDITURES</b>			
Personal services and related benefits	212,273	(\$92,858)	119,414
Operating services	68,302		68,302
Materials and supplies	11,300		11,300
Travel	3,448		3,448
Total expenditures	<u>295,323</u>	<u>(\$92,858)</u>	<u>202,465</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<b>(4,790)</b>	<b>NONE</b>	<b>(4,790)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR, AS RESTATED (note 7)</b>	<u>33,282</u>	<u>NONE</u>	<u>33,282</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$28,500</u>	<u>NONE</u>	<u>\$28,500</u>

The accompanying notes are an integral part of this statement.

## Statement C

<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
\$134,042	\$1
42,000	(8,112)
9,000	384
	15,000
	1,000
1,000	182
<u>107,042</u>	<u>8,252</u>
138,000	18,000
48,000	(21,002)
8,000	(2,000)
3,000	(442)
<u>108,000</u>	<u>(14,752)</u>
<u>\$1,042</u>	<u>(16,500)</u>

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2000

**INTRODUCTION**

The First Municipal District Assessor, Parish of Orleans (Assessor), is an independently elected official and is one of seven assessors for Orleans Parish. There are seven municipal districts with an independently elected assessor for each district. All assessor offices are located on the 4<sup>th</sup> floor of the Orleans Parish City Hall, 1300 Perdido Street. Louisiana Revised Statute (R.S.) 47:1906 states that the governing authority of the city of New Orleans shall provide suitable rooms in the city hall for the use of the assessor of each municipal district and for the use of the board of assessors. Therefore, the upkeep and maintenance costs of the assessors' offices are not included in the accompanying financial statements.

The Board of Assessors, Parish of Orleans (board), comprised of the seven Orleans Parish assessors, is the administrative body for the Orleans Parish assessors and their seven municipal districts. R.S. 47:1906 provides that the assessors elected in the Parish of Orleans shall constitute a board of assessors for the parish and each assessor shall independently exercise his functions in the assessing and listing of the property in and for his respective district within the parish.

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

The Assessor assesses all real and movable property in her municipal district subject to ad valorem taxation. The Assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and to provide assistance to the taxpayers in her district. The deputies are authorized to perform all functions of the office, but the Assessor is officially and peculiarly responsible for the actions of the deputies. The Assessor has four employees.

The Assessor completes an assessment listing by August 1 of the tax year and submits the list to the parish governing authority, as prescribed by law. Once the assessment listing is approved/verified by the Louisiana Tax Commission, the assessment roll is submitted to the city tax collector, who is responsible for the collection and distribution of taxes to the various taxing bodies.

UNAUDITED

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**  
Notes to the Financial Statements (Continued)

The assessed value of property within the First Municipal District for the year 2000 is as follows:

Real estate	\$332,005,514
Personal property	190,840,348
Public service bills	73,820,170
Total	<u>602,626,032</u>
Less homestead exemptions	<u>(9,226,315)</u>
Net amount	<u>\$593,600,715</u>

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying general purpose financial statements of the Assessor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

The Assessor is a separate governmental reporting entity. The board determined that they were a separate governmental reporting entity and that each assessor of the parish of Orleans was a separate governmental reporting entity. Therefore, for financial reporting purposes, the Assessor includes all funds and account groups that are controlled by the Assessor as an independently elected parish official. The activities of other independently elected parish officials and municipal level governments are not included within the accompanying financial statements.

**C. FUND ACCOUNTING**

The Assessor uses a fund (General Fund) and an account group 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
Notes to the Financial Statements (Continued)**

The fund of the Assessor is classified as a governmental fund (General Fund), which accounts for the Assessor's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition of general fixed assets.

The General Fund, as provided by R.S. 47:1006, is the principal operating fund of the Assessor and accounts for the operation of the Assessor's office.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General 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 General Fund presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

The General Fund is maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Assessor uses the following practices in recording revenues and expenditures:

**Revenues**

District allotments and revenue sharing revenues are recorded in the year they are due and payable. Document transfer fees and legal fees reimbursed are recorded as revenues when received. Interest income on time deposits is recorded when the time deposits have matured.

**Expenditures**

Expenditures are recognized in the accounting period in which the liability is incurred.

**E. BUDGET AND BUDGETARY PRACTICES**

The budget for the General Fund is prepared on a basis that is consistent with generally accepted accounting principles (GAAP). However, the Assessor does not budget on-behalf payments (see note F); therefore, adjustments were made on Statement C to remove on-behalf payments from the actual amounts for comparison purposes to the budgeted amounts. Also, the budget does not include beginning and ending fund balance.

## UNRECORDED

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**  
Notes to the Financial Statements (Continued)

Revenues are budgeted based on the millage collection allocated to the Board of Assessors, Parish of Orleans which approximates prior years operations. Other revenues and expenditures of prior years are considered when preparing the budget for the current year.

**F. ON-BEHALF PAYMENTS FOR  
FRINGE BENEFITS AND SALARIES**

On-behalf payments for fringe benefits and salaries totaled \$62,899 for the year. The Assessor's salary of \$81,250 was paid directly to the Assessor from the board. In addition, the board paid fringe benefits totaling \$11,406 (pension plan contributions totaling \$5,400 and health insurance premiums totaling \$6,006) on-behalf of the Assessor. On-behalf payments are reported as revenues (on-behalf payments) and expenditures (personal services and related benefits) in Statement II.

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

**G. ENCUMBRANCES**

The Assessor does not use encumbrance accounting.

**H. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposits and time certificates of deposit with original maturities of 90 days or less. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**I. GENERAL FIXED ASSETS**

Fixed assets are recorded as expenditures at the time purchased, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

UNAUDITED

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
Notes to the Financial Statements (Continued)

**J. LEAVE**

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

Employees earn ten days of vacation leave upon completion of one year of employment. Upon five years of employment and up to 15 years of employment, employees earn 15 days of vacation leave. Employees with more than 15 years of employment earn 20 days of vacation leave. Vacation leave not taken/used at the end of the year is not carried over to the following year. Therefore, a liability for unused vacation leave at December 31, 2000, is not recorded in the financial statements.

Employees earn sick leave at the rate of one-half day for each month of employment. Employees may accumulate sick leave indefinitely. Unused sick leave can be taken only in the event of illness and is not convertible to pay upon termination of employment or retirement. Therefore, a liability for unused sick leave at December 31, 2000, is not recorded in the financial statements.

Vacation and sick pay expenditures are charged to operations when incurred.

**K. TOTAL COLUMNS ON STATEMENTS**

The total column on Statement A is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**2. CASH AND CASH EQUIVALENTS**

At December 31, 2000, the Assessor has cash and cash equivalents (book balances) totaling \$25,000 as follows:

Demand deposits	\$7,750
Time deposits	<u>27,334</u>
Total	<u>\$35,084</u>

These deposits are stated at cost, which approximates market. 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.

UNAUDITED

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
Notes to the Financial Statements (Continued)

At December 31, 2000, the Assessor has \$28,373 in deposits (collected bank balances). These deposits are fully secured from risk by federal deposit insurance (GASB Category 1).

3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets (office furnishings and equipment) follows:

Balance, January 1, 2000	\$22,776
Additions	NONE
Deductions	_____ NONE
Balance, December 31, 2000	<u>\$22,776</u>

4. PENSION PLAN

*Plan Description.* Substantially all employees of the Assessor's office are members of the Louisiana Assessors' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All full-time employees that are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or at or after age 50 with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3.00% of their final-average salary for each year of credited service prior to July 1, 1989, and 3.33% for each year of credited service earned after that date, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 30 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 or amended 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, Post Office Box 14690, Baton Rouge, Louisiana 70808, or by calling (225) 835-8888.

*Funding Policy.* Plan members are required by state statute to contribute 7.0% of their annual covered salary and the assessor is required to contribute at an actuarially determined rate. The current rate is 2.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (1% for Orleans Parish) of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Assessor are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial

## Disclosures

### FIRST MUNICIPAL DISTRICT ASSESSOR PARISH OF ORLEANS Notes to the Financial Statements (Continued)

valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assessor's contributions (including the contributions made by the board on behalf of the Assessor) to the System for the years ending December 31, 2000, 1999, and 1998, were \$4,820, \$4,773, and \$4,737, respectively, equal to the required contributions for each year.

#### 5. LEASE COMMITMENT

The Assessor leases an automobile (1999 Chrysler LH6) that is accounted for as an operating lease. The lease is for a three-year term beginning on May 30, 1998, and ending on May 31, 2001; however, the Assessor extended the term to July 31, 2001 (two additional months). For the year ending December 31, 2000, rental expenditures totaled \$5,700.

At December 31, 2000, the future minimum annual commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2001	<u>\$3,394</u>

#### 6. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenditures during the reporting period. Actual results could differ from these estimates.

#### 7. RESTATEMENT OF BEGINNING FUND BALANCE

Beginning fund balance is restated as follows:

	<u>General Fund</u>
Fund balance at December 31, 1999	\$26,337
Correction of prior year accrual errors	<u>8,851</u>
Beginning fund balance as restated	<u>\$35,188</u>

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**  
Notes to the Financial Statements (Continued)

**8. RISK MANAGEMENT**

The Assessor is exposed to various risks of loss related to limited funds; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Assessor is covered by commercial insurances of the board.

**9. LITIGATION AND CLAIMS**

The Assessor engages the services of attorneys to defend her assessment valuations of properties in the First Municipal District, Parish of Orleans. The Assessor paid \$137,895 in legal fees during the year ending December 31, 2003. The legal fees paid during 2003 were funded in part by a \$20,000 appropriation (received) by the Assessor in 1999) from the First Orleans City Council. Legal fees of \$45,352, as reported on Schedule 1, are reconciled as follows:

Legal fees paid during 2003	\$137,895
Add - legal fees payable current year	3,487
Less - legal fees payable prior year	<u>(95,000)</u>
Legal fees as reported on Schedule 1	<u>\$45,352</u>

Subsequent to December 31, 2003, two of the attorneys engaged by the Assessor filed suit against the board (for which the Assessor is a member) for unpaid legal fees and expenses totaling \$80,512; incurred in over fifty open or closed litigation cases involving the Assessor. No amounts relating to these suits have been recorded as a liability in the accompanying financial statements.

**10. GASS 34 IMPLEMENTATION**

The GASS issued Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, in June 1999. The date of implementation is effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999 (earlier application is encouraged). The Assessor is required to implement the provisions for the promouncement for financial statements for the period beginning after June 15, 2003, because total annual revenues were less than \$10 million in the year ending December 31, 1999. GASS Statement Number 34 establishes a new governmental financial reporting model that will include, among other significant changes, management discussion and analysis, a unique combination of fund-based and government-wide financial statements, and required supplementary information. The effects on the Assessor's financial statement are not known at this time; however, the promouncement will be implemented for the year ending December 31, 2004, if not implemented earlier.

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Year Ended December 31, 2000**

The following supplemental information schedule presents the Schedule of Expenditures for the year ended December 31, 2000.

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
GOVERNMENTAL FUND - GENERAL FUND**

Schedule of Expenditures  
For the Year Ended December 31, 2009

**EXPENDITURES:**

Personal services and related benefits:

Salaries and wages	\$58,942
Civil-leave payments for assessor	59,689
Hospitalization insurance	13,583
Retirement	4,625
Payroll taxes	2,574
	<u>139,413</u>

Operating services:

Legal fees	45,382
Office supplies	11,583
Assessor's personal expense allowance	8,025
Automobile lease	5,760
Accounting and data processing	3,310
Automobile insurance	2,814
Cellular telephone	1,170
Dues and subscriptions	200
	<u>77,254</u>

Travel and other charges:

Meetings/conferences	3,496
Meals	441
	<u>3,937</u>

**TOTAL EXPENDITURES**

\$250,414

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by Government Auditing Standards, issued by the Comptroller General of the United States. This report is based on the attempted audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



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December 6, 2001

Report on Compliance and an Internal Control Over Financial  
Reporting Based on an Audit of the Financial Statements

HONORABLE PATRICIA A. JOHNSON  
FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
New Orleans, Louisiana

We were authorized to audit the general purpose financial statements of the First Municipal District Assessor, Parish of Orleans (Assessor), as of and for the year ended December 31, 2000, and have issued our report thereon dated December 6, 2001. Our audit was to have been conducted 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. However, because of inadequacies in the Assessor's accounting records and lack of information provided by the Assessor, we were not able to apply the foregoing standards.

#### Compliance

As part of attempting to obtain reasonable assurance about whether the Assessor's general purpose financial statements are free of material misstatement, we performed limited tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our tests were limited because of inadequacies in the Assessor's accounting records and lack of information provided by the Assessor. 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 limited tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings in Exhibit B as items 2000-01, 2000-02, 2000-03, 2000-04, 2000-05, 2000-06, and 2000-07.

#### Internal Control Over Financial Reporting

In planning and attempting to perform our audit, we considered the Assessor's internal control over financial reporting in order to determine our auditing procedures for the purpose of attempting to express an opinion on the general purpose financial statements and not to provide assurance on internal control over financial reporting. However, because of inadequacies in the Assessor's accounting records and lack of information provided by the Assessor, we were unable to form an opinion on the Assessor's financial statements and related notes. In addition to the matters relating to noncompliance with certain provisions of laws and regulations, we noted certain matters involving the internal control over financial

LEGISLATIVE AUDITOR

HONORABLE PATRICIA A. JOHNSON  
FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS

Compliance and Internal Control Report  
December 9, 2001  
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reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Assessor's ability to record, process, summarize, and report financial data consistent with her assertions in the financial statements. One matter relates to the size of the Assessor's operation and its limited staff that precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. The other matters that are reportable conditions are described in the accompanying schedule of findings in Exhibit B as items 2000-02, 2000-03, 2000-04, 2000-05, 2000-06, 2000-08, 2000-09, 2000-10, 2000-11, and 2000-12.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described previously, we considered all items to be material weaknesses.

This report is intended for the information and use of the Assessor; Board of Assessors, City of New Orleans; and Legislative Auditor and is not intended to be, and should not be, used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyles, CPA, CFE  
Legislative Auditor

GLM-DCA:m

2001-00000000

LEGISLATIVE AUDITOR

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
New Orleans, Louisiana

Schedule of Findings  
For the Year Ended December 31, 2000

COMPLIANCE WITH LAWS AND REGULATIONS

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**2000-01      Failure to Comply With Louisiana Audit  
and Reporting Laws**

The assessor failed to submit an engagement agreement for her December 31, 2000, compilation/attestation services within sixty days of the close of the fiscal year and failed to furnish annual sworn financial statements to the Legislative Auditor within ninety days of the close of the fiscal year as required by Louisiana Revised Statute (R.S.) 24:514. In addition, the assessor did not comply with R.S. 24:513, which requires the compilation/attestation to be completed within six months of the close of the fiscal year (June 30, 2001).

R.S. 24:513 requires the assessor to have, at a minimum, a compilation of her financial statements for the year ending December 31, 2000, to be accompanied by an attestation report on her compliance with laws and regulations (the compilation/attestation was required to be completed by June 30, 2001). To comply with this law, the assessor was required to submit an engagement agreement to the Legislative Auditor for approval by February 28, 2001. Because the assessor failed to submit the engagement agreement timely, sworn annual financial statements were required to be submitted to the Legislative Auditor by March 31, 2001.

The Legislative Auditor sent five letters to Assessor Patricia Johnson between November 2, 2000, and April 2, 2001, relating to her statutory responsibility to provide for the compilation/attestation services. However, she did not respond to the letters and failed to obtain a compilation/attestation for the year ending December 31, 2000.

The assessor's noncompliance with Louisiana audit and reporting laws was also a problem in the previous year ending December 31, 1999. For that year, the Legislative Auditor sent six letters to Assessor Patricia Johnson between November 2, 1999, and May 18, 2000, relating to her statutory responsibility to provide for the compilation/attestation services. The engagement letter was finally received on May 15, 2000, and the compilation/attestation report was received on October 10, 2000, over three months delinquent.

Because the assessor failed to demonstrate a willingness to comply with Louisiana audit and reporting laws, she was advised in a letter dated June 25, 2001, that the Legislative Auditor would audit the assessor for the year ending December 31, 2000.

In the future, the assessor should comply with the Louisiana audit and reporting laws.

## LEGISLATIVE AUDITOR

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
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### 2000-02 Failure to Maintain Financial Records and Refusal to Provide Available Records

Assessor Patricia Johnson has not maintained adequate financial records and refused to provide to the Legislative Auditor the requested records of her office, as required by Louisiana law. R.S. 44:36 requires the assessor to exercise diligence and care in preserving public records. R.S. 24:8-10 provides that the assessor designate or provide an office where the assessor's books and records must be kept. R.S. 24:513C provides that the legislative auditor, or any member of his staff designated by him, shall have the power to inspect and to make copies of any books, records, instruments, documents, files, films, tapes, and other forms of recollection, including but not limited to computer and recording devices, of the auditee.

We attempted to meet with the assessor many times from August 2, 2001, through December 17, 2001 (a five-month period), to obtain accounting records and other necessary information from her. The assessor's continued refusal to provide the requested records resulted in the Legislative Auditor obtaining a Writ of Mandamus from the Nineteenth Judicial District Court on September 10, 2001, ordering Assessor Johnson to provide the requested records and to be personally available to answer questions concerning her financial records and any other matters. Although ordered by the court, the assessor did not make herself available to meet with us, canceled numerous scheduled meeting dates, and failed to produce all records requested. The delaying actions of the assessor and the legal process necessitated by her refusal to produce financial records resulted in excessive costs to the taxpayers of Louisiana who fund the operations of the Legislative Auditor and Assessor.

In our first attempt to obtain the records on August 2, 2001, Assessor Patricia Johnson informed us that most of the records were at her home, instead of being maintained at the assessor's office as required by R.S. 24:8-10. Although the assessor finally provided us with certain financial records, they were incomplete and demonstrated that she has not exercised diligence and care in preserving the public financial records of her office as required by R.S. 44:36.

The financial records provided to us did not (1) provide evidence that the assessor has fulfilled her stewardship responsibilities; (2) properly reflect and account for the receipt and disbursement of funds; (3) demonstrate compliance with applicable laws and regulations; and (4) provide for the preparation of accurate and timely financial statements.

Specifically, the financial records were deficient in that the assessor did not:

- Prepare monthly cash receipts and cash disbursement journals providing a detailed listing of all money received/checks written summarized by account classification.

**FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS**  
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- Maintain a general ledger that summarizes the cash receipts and disbursements transactions on a monthly basis. Preparing a general ledger and reconciling certain account balances in the general ledger to detailed records (i.e., cash) provides assurance that all transactions are recorded. Without a current general ledger, accurate and timely financial statements cannot be prepared.
- Prepare monthly financial statements that report the operations of the assessor as compared to the budgeted amounts.
- Maintain supporting documentation for all disbursements made. (See findings "Internal Control Over Disbursements Inadequate" and "Weaknesses in Internal Control Over Payroll.")
- Maintain a detailed list of all capital assets that includes the date acquired, amount, and location of the asset. (See finding "Fixed Asset Records Inadequate.")
- Maintain individual employee personnel files, including annual and sick leave records. (See finding "Weaknesses in Internal Control Over Payroll.")
- Retain copies of vehicle lease agreements.
- Have a written travel policy that provides specific guidance as to allowable travel expenses, such as reimbursement rates for mileage, lodging, and meals.
- Have written purchasing procedures that ensure that purchases are (1) properly authorized; (2) made in accordance with laws and regulations; (3) made with available funds; and (4) properly budgeted.

The assessor should (1) comply with Louisiana law and provide the Legislative Auditor with all requested records upon demand; (2) prepare monthly cash receipts and cash disbursements journals; (3) maintain a general ledger; (4) prepare monthly financial statements; (5) maintain supporting documentation for all disbursements made; (6) maintain a detailed list of all capital assets; (7) maintain individual employee personnel files; (8) retain all lease agreements; (9) prepare a written travel policy; and (10) prepare written purchasing procedures. In addition, the assessor should maintain all assessor records at the assessor's office as required by R.S. 24:515.

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**2000-03      Assessor's Personal Expense Allowance  
Not Included as Wages or Reported to the  
Internal Revenue Service**

The assessor's personal expense allowance was not reported as wages on her Internal Revenue Service (IRS) Form W-2 (Wage and Tax Statement), and the required employment taxes were not withheld and remitted to the IRS. R.C. 47.0607(B) provides that in addition to her salary, the assessor is granted 10% of her annual compensation as a personal expense allowance. As a general rule, most cash payments and benefits provided to workers are considered taxable wages for federal income tax purposes unless they specifically are excluded from income by a provision of the federal tax code. Absent such a specific exclusion, wage payments and employer-provided benefits are subject to employment taxes. There is no specific exclusion for the personal expense allowance in the federal tax code.

For calendar year 2000, Assessor Patricia Johnson was paid \$8,000 for her personal expense allowance. Assessor Johnson informed us that since she has been assessor, the personal expense allowance has never been included on her IRS Form W-2 or IRS Form 1099, and employment taxes were never withheld or paid on the allowance.

The assessor should amend the applicable payroll reporting forms for all applicable years and submit those to the appropriate federal and state taxing authorities.

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**2000-04      Personal Use of Vehicle Not  
Reported as Taxable Income**

The assessor did not report her personal use of an assessor-owned vehicle as wages as required by federal tax laws. An employer-provided vehicle is considered a fringe benefit under the federal employment tax laws. Employees are generally required to maintain adequate records substantiating their business use of the vehicle.

The assessor leases one vehicle (1999 Chrysler LHD) that is used by her for personal use; however, she does not maintain records substantiating the business use of the vehicle. For the year ended December 31, 2000, the assessor did not determine the value of the personal use and include it in her wages.

The assessor should (1) comply with appropriate employment tax laws and record-keeping requirements; and (2) amend the applicable payroll reporting forms for all appropriate years and submit those to the appropriate federal and state taxing authorities.

**FIRST MUNICIPAL DISTRICT ASSESSOR**  
**PARISH OF ORLEANS**  
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**2000-03 Debt Incurred Without Approval**

The assessor incurred long-term debt, in the form of a lease agreement, without obtaining State Bond Commission consent and approval as required by Louisiana law. R.S. 38:1410.68(A) provides that governments cannot borrow money or incur debt without the consent and approval of the State Bond Commission. R.S. 38:1410.68(C)(1) provides that the term "debt" does not include a lease of a movable that contains a non-appropriation clause and which does not contain an anti-substitution or penalty clause.

On May 30, 1998, the assessor entered into a three-year lease agreement with Chrysler Financial Corporation for a 1999 Chrysler LHS. The lease agreement expired during calendar year 2001 and Assessor Johnson entered into another three-year lease agreement on August 8, 2001, for a 2001 Chrysler LHS. These lease agreements did not include non-appropriation clauses and did include penalty clauses. Therefore, State Bond Commission consent and approval was required. The assessor did not obtain State Bond Commission consent and approval to incur the long-term debt for either lease. The total debt incurred by the assessor under the three-year leases dated May 30, 1998, and August 8, 2001, was \$18,087 and \$23,625, respectively.

The assessor should immediately apply to the State Bond Commission for approval of the lease agreement dated August 8, 2001.

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**2000-06 Failure to Comply With Local Government Budget Act**

The assessor did not fully comply with the Local Government Budget Act. R.S. 38:1305 requires the assessor to prepare and sign a budget message that includes, among other items, a summary description of the proposed financial plan. Also required is a budget adoption instrument from the assessor that authorizes the implementation of the adopted budget, and the budget is required to reflect estimated beginning and ending fund balances. R.S. 38:1306 requires that the proposed budget be completed and made available for public inspection at least 15 days prior to the beginning of the budget year. R.S. 38:1310-11 requires the assessor's budget to be amended when total expenditures plus projected expenditures for the remainder of the year exceed the total budgeted expenditures by 5% or more.

The assessor's calendar year 2000 General Fund budget (1) did not include the required budget message; (2) was not accompanied by a proposed budget adoption instrument; (3) did not contain the beginning and end of year estimated fund balances; and (4) was not made available for public inspection prior to the beginning of the budget year. In addition, the General

## LEGISLATIVE ASSISTANT

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
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Fund budget was not amended during the year, although actual expenditures exceeded budgeted expenditures by 7.9%.

The assessor should ensure that all action necessary to collect and finalize future budgets be done before the start of the fiscal year, and the budget should be amended when actual expenditures plus projected expenditures exceed budgeted expenditures by 5% or more.

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### 2000-07      **Failures to Complete the Louisiana Compliance Questionnaire**

The assessor did not complete the Louisiana Compliance Questionnaire as required by Louisiana law. R.S. 24:513 requires that the Louisiana Compliance Questionnaire, an integral part of the Louisiana Governmental Audit Guide, be completed by the assessor and given to its auditor (the Legislative Auditor) at the beginning of the audit. The questionnaire is the assessor's representation of her compliance with state laws.

We provided Assessor Johnson with the Louisiana Compliance Questionnaire on August 2, 2001 and again on December 6, 2001, and requested that she complete and return it to us on both occasions. The assessor failed to comply with our requests.

The assessor should complete the Louisiana Compliance Questionnaire at the beginning of all future audits and give it to the auditor.

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## INTERNAL CONTROL OVER FINANCIAL REPORTING

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### 2000-06      **Internal Control Over Disbursement Inadequate**

Internal control over disbursements is inadequate in that appropriate supporting documentation is not maintained. Good internal control requires that documentation exist to support transactions entered in the financial records of the assessor. R.S. 44:30 requires that public records be preserved and maintained for a period of at least three years from the date on which the public record was made.

Deficiencies in internal control over disbursements include the following:

- Supporting documentation is not maintained to support all payments. The assessor could not provide supporting documentation for 56 payments, totaling \$20,116, that

## FIRST MUNICIPAL DISTRICT ASSESSOR

## PARISH OF ORLEANS

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December 5, 2001

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were paid between January 1, 2000, and December 31, 2000. Because of the lack of supporting documentation, we could not determine whether \$10,000 of those payments was for business or personal purposes. For example, payments included \$8,900 paid to Office Depot, \$1,170 paid to Sprint (cellular phone), and \$722 paid to Assessor Patricia Johnson. At our exit conference on January 9, 2002, the assessor provided us with copies of supporting documentation for 14 of the above mentioned SS payments, totaling \$5,738. This still leaves a balance of 41 payments, totaling \$17,276, for which the assessor could not provide supporting documentation.

- Paid invoices were not always canceled or marked "Paid" to prevent duplicate payment.
- IRS Forms 1099 were not filed for attorneys who provided legal services to the assessor's office.

The assessor should (1) ensure that there is adequate documentation to support the disbursement of public funds and should maintain this documentation for the required time period; (2) cancel invoices upon payment by writing on the invoice the check number and date paid; and (3) file required IRS Forms 1099 for individuals who do business with the assessor.

#### 2000-09 Fixed Asset Records Inadequate

Detailed fixed asset records are not maintained, assets are not tagged, and physical inventories of fixed assets are not conducted annually. R.S. 38:514(b)(1) requires the assessor to maintain records of all land, buildings, improvements other than buildings, equipment, and any other general fixed assets, which were purchased or otherwise acquired. The records should include information as to the date of purchase of such property or equipment, the initial cost, the disposition, if any, the purpose of such disposition, and the recipient of the property or equipment disposed. Good internal control over fixed assets requires that fixed assets be tagged for identification purposes and that annual physical inventories of fixed assets be conducted to ensure the accuracy of fixed asset records.

Because the assessor does not have detailed fixed asset records, we were not able to apply other auditing procedures to satisfy ourselves as to the existence and cost of the general fixed assets totaling \$22,776, as reported on Statement A (Balance Sheet).

The assessor should (1) define assets that will be inventoried, including the minimum value for inclusion on the list of fixed assets; (2) prepare a detailed list of fixed assets (the list should include the date of purchase and the initial cost); (3) conduct a physical inventory at least annually and follow up on items not found during the physical inventory; and (4) identify (tag) assets that belong to the assessor and include the tag number on the listing of fixed assets.

**FIRST MUNICIPAL DISTRICT ASSESSOR**  
**PARISH OF ORLEANS**  
Schedule of Findings  
December 6, 2001  
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**2000-50      Weakness in Internal Control Over Payroll**

The assessor does not have adequate internal control over the payroll function. Good internal control would require that there be formal payroll and personnel policies and procedures and that certain employment information be maintained. Our review of payroll and personnel records revealed the following deficiencies:

- The assessor does not have formal payroll/personnel policies and procedures.
- The assessor could not provide employee attendance records (daily sign-in/out logs) for three weeks and the daily sign-in/out logs do not evidence the review/approval of the assessor. Also, one employee was paid \$3,065 over five pay periods, for which employee attendance records reported only four hours worked.
- The assessor could not provide us with nine payroll checks totaling \$4,928, written on April 20, 2000, and May 15, 2000, and clearing the bank in May 2000.
- No documentation is on file relating to approved salary/wage amounts for employees.
- Form I-9 - "Employment Eligibility Verification" is not maintained for all employees hired after November 8, 1986, as required by the U.S. Department of Justice Immigration and Naturalization Service. In addition, other federal and state income tax withholding tax forms (Federal Form W-4 and Louisiana Form L-4) are not maintained on all employees.
- No employment applications are available.
- No job descriptions are available.
- No records are maintained to document whether employees earn or take vacation leave or sick leave.

Although the assessor has only four employees, she should improve controls over payroll by implementing the following:

1. Prepare simple written policies and procedures relating to payroll and personnel.
2. Maintain all attendance records that evidence, at a minimum, the work hours of all employees and the review/approval of the assessor.
3. Maintain all canceled checks to support payments made.

**FIRST MUNICIPAL DISTRICT ASSESSOR**

**PARISH OF ORLEANS**

Schedule of Findings

December 8, 2001

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4. Establish a personnel file on each employee that contains, at a minimum, (1) documentation of the employee's approved pay rates; (2) a completed Form I-9 - U.S. Department of Justice Immigration and Naturalization Service "Employment Eligibility Verification" for all employees hired after November 5, 1995; (3) completed federal and state income tax withholding forms (Forms W-4 and L-4); (4) an employment application form; and (5) a job description.
5. Maintain simple records to account for vacation and sick leave earned and taken by employees.

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**2000-11 Policy for Use of Cellular Phones Needed**

The assessor does not have a formal policy for the use of cellular phones. A formal policy would provide guidance for the business use and care of cellular phones.

The assessor's office paid charges of \$1,170 during 2000 for usage of a cellular phone assigned to the assessor. We could not determine whether these payments were for business or personal purposes because we were not provided supporting documentation for these payments.

The assessor should adopt a formal policy for the business use of cellular phones and should maintain adequate documentation to support the disbursement of public funds and compliance with the cellular phone policy.

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**2000-02 Variances in Assessment of Property**

We were unable to obtain explanations and documentation of variances in assessments. Assessors have the responsibility to maintain documentation supporting their fair and equitable assessment of property.

We reviewed the assessment rolls for one particular residential building located in Assessor Johnson's district for the assessment period beginning January 1, 2000. We assumed that individual units within this residential building were similar, as individual units within the building had the same number of square feet.

Although there were similar units within this building that had the same square footage, the assessed values varied significantly. The following are some examples of the ranges in assessed property values for particular units with the same square footage:

## LEGISLATIVE AUDITOR

### FIRST MUNICIPAL DISTRICT ASSESSOR

#### PARISH OF ORLEANS

Schedule of Findings

December 6, 2001

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- Three units with the same square footage (2,136) ranged from \$550,000 to \$650,000.
- Fourteen units with the same square footage (2,697) ranged from \$241,000 to \$600,000.
- Five units with the same square footage (3,746) ranged from \$780,000 to \$900,000.
- Two units with the same square footage (3,801) ranged from \$600,000 to \$1,300,000.

We were able to obtain explanations for differences in assessment values for some of the above properties by reviewing certain change orders. However, there was no documentation to support the statements made on those change orders.

We attempted to obtain from the assessor explanations and documentation supporting the differences in assessment values at the exit conference held on January 8, 2002. However, the assessor, based on the advice of her legal counsel who was present, refused to provide us with any information at that time. Her legal counsel stated that if the assessor responds, it would be a written response provided to the Legislative Auditor.

LEGISLATIVE AUDITOR

FIRST MUNICIPAL DISTRICT ASSESSOR  
PARISH OF ORLEANS  
New Orleans, Louisiana

Schedule of Prior Year Findings  
For the Year Ended December 31, 2000

INTERNAL CONTROL AND COMPLIANCE MATERIAL  
TO THE FINANCIAL STATEMENTS

1000-01	Failure to timely file the compilation and attestation reports with the Office of Legislative Auditor	Unresolved
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## Appendix I

### Assessor's Corrective Action Plans and Responses to the Findings and Recommendations

Assessor Patricia A. Johnson chose not to respond personally.  
Attached is a letter from her attorney.

**WESSEL & ASSOCIATES**  
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WILLIAM E. WESSEL

OF COUNSEL:  
VICTORIA LENNON BARTHELE

January 23, 2002

Via Fax (504) 389-3878  
Original By U.S. Mail  
Daniel G. Kyle, Ph.D., CPA, CFE  
Office of Legislative Auditor  
State of Louisiana  
1800 N. Third Street  
PO Box 94097  
Baton Rouge, LA 70804-9397

Re: **Audit of Assessor's Office First Municipal District, Orleans Parish**

Dear Mr. Kyle:

As you are aware I represent Ms. Patricia Johnson CLA Assessor for the First Municipal District of Orleans Parish and on her behalf, this is our response to your draft report dated, January 8, 2002.

Firstly, we incorporate my client's letter and attachments furnished to you by fax and mail on January 7, 2002, which you make no mention of in your recent letter of January 8, 2002. Obviously you were so intent on issuing your "Draft Report" that you couldn't be bothered with ascertaining the true facts.

Secondly, you are charged with performing an audit of the office, yet your "Independent Auditor's Report" dated December 6, 2001, states that you "do not express an opinion on the fair presentation of the financial statements." Yet you alone are the one that has collected the financial statements and you alone are the one that examined the records.

Thirdly, in the overall scheme of things in particular reference to the billion dollars spent by state and local agencies, you are dealing here with a minuscule amount of public funds. As your figures show, Assessor Johnson had control of \$185,000.00 in funds of which \$119,654.00 was used for salaries and related benefits. The balance of 65,346.00 was being used for computer equipment, office supplies, telephones, travel, postage etc.. This insignificant amount is roughly 1% of the total funds that pass through the offices of the entire Board of Assessors in New Orleans, less than 1/10 of 1% of the entire budget of the City of New Orleans, and less than a minuscule fraction of the taxes generated by Assessor Johnson's municipal district alone.

Fourthly, your office has demonstrated an obvious bias against my client by initiating your on premises field work on the second day of (August 2nd) the opening of the books of Assessors in Orleans Parish for the public to review and meet with the assessor. On that day over 75 citizens came to the office to review assessments and over 35 requested individual conferences with her. She cannot possibly meet with a stream of citizens and sit around with your field auditors answering questions on the same day. We doubt seriously whether you have begun an audit on other assessors upon the initial opening of the books. Your recent efforts on the eve of the election to now jam through your audit report is a transparent political attempt to interfere with and influence the election in which some few disgruntled rich folk living in the fanciest and most expensive condominiums in the state have funded a candidate to run against Ms. Johnson so as to return to the old ways of low assessments for the wealthy and politically connected. Further illustrative of your bias is that on January 7, 2002 we furnished you documentation which you considered to be essential to your audit, but you ignored it in your January 8<sup>th</sup> Draft Audit.

Finally and most importantly, your auditors have seen fit to criticize the assessment practices of my client when those practices have nothing to do with fiscal affairs of her office and nothing to do with your duties as set out in LSA-R.S. 24:512A. Ms. Johnson is a constitutional officer who has been elected by her constituents on two occasions to assess properties in the First Municipal District of New Orleans. The Louisiana Tax Commission in its Sales-to-Assessment Ratio Studies has always found her assessments to be within the recommended ratio. That, incidentally, has not always been the case with other assessors.

Furthermore, your choice of using 24 of 66 condominiums at One River Place as being a bellwether of inequitable assessments shows your ignorance of valuation of real property in New Orleans. Had you gone into the condos at One River Place you would find that some are built out like Taj Mahal and others plain vanilla, some with marble floors and countertops, some with vinyl tile and Formica. Some with two bedrooms have been converted into one bedroom. Some have fine wood finish and others not. The fact is that these condos are not homogeneous in spite of the complaints made by the condo owner from whom you received the analysis which you put in your Draft Audit. His argument and schedule was rejected by The City Council and Tax Commission.

Additionally, most, if not all, condos with same square footage were assessed at one time as a pair, but when the owners came into the assessor's office and explained how each differed, the valuations were changed to reflect the realities of their value. In the cases of unit 30A and 11F, however, the owners went directly to the Tax Commission and obtained a change without even going through the appeal process.

Your statement that your auditors could not meet with Assessor Johnson on this issue is a fabrication. The first and only time that subject was brought up was January 8, 2002 at which time Assessor Johnson explained her position. Perhaps you or your auditors can furnish us a list of what you think the assessments should be and my client could then use that in reviewing the assessments in the coming year. The property owners would probably like to have that information also.

Do you exact the same sort of performance review on District Attorneys and Judges? Do you tell them which charges to bring and analyze their sentencing practices? We think not! And until you or your auditors are elected assessor, the people of New Orleans have chosen Ms. Johnson to perform that function.

And now dealing with the specific Schedule of Findings, the response of the assessor is as follows:

**2000-01 Compliance with and audit law.**

A CPA was hired to and did file audits on the office up to 1999 when he died. Considerable administrative problems have occurred which has made it difficult to furnish a compilation for the year which LSA-R.S 34:513 1(C) (6) permit. This will be complied with in the future and the assessor fully intends to comply with the Louisiana Audit and reporting laws.

**2000-02 Documentation and Records.**

The assessor has met with the field auditors on several occasions. She has furnished every record that she was able to locate. Some invoices and cancelled checks were misplaced and they are being furnished as they are located or as copies can be obtained. The most recent submission was made on January 7, 2002. Submitted herewith are back up invoices and documents in connection with the following:

CK 2850	6/7/00	Piney Berwea	\$153.55
CK 2801	3/9/00	LA Assessors Ret. Pd.	\$1348.54
CK 2818	4/7/00	LA Assessors Ret. Pd.	\$1348.54
CK 2899	9/8/00	LA Assessors Ins. Pd.	\$8.44
CK 2914	10/11/00	LA Assessors Ins. Pd.	\$8.44
CK 2932	11/9/00	LA Assessors Ins. Pd.	\$8.44
CK 2940	12/8/00	LA Assessors Ins. Pd.	\$8.44
CK 2802	3/8/00	LA Assessors Ins. Pd.	\$1844.95

CK 2839	4/7/80	LA Assessors Inc. Pd.	\$1844.00
CK 2854	7/7/80	LA Assessors Inc. Pd.	\$1213.67
CK 2888	9/8/80	LA Assessors Inc. Pd.	\$578.48
CK 2822	4/13/80	LA Assessors Assoc.	\$682.71
CK 2848	6/7/80	LA Assessors Assoc.	\$200.00
CK 2861	7/14/80	US Postmaster	\$670.00
CK 2849	6/7/80	Star Lock and Key	\$40.00
CK 2867	7/30/80	Office Depot	\$76.65
CK 2909	10/13/80	Office Depot	\$500.32
CK 2865	7/28/80	Office Depot	\$1121.50
CK 2863	7/21/80	Office Depot	\$3305.83
CK 2861	7/14/80	Post Master	\$670.00

These documents and the previously furnished documents now account for over 98% of the requested support listing that was furnished to us by your auditors. Those along with the explanation, furnished by Assessor Johnson in writing to you should suffice to satisfy your inquiry. In connection with this item we would like to make additional observations:

- Your statement that the records and documents are required to be maintained "at the assessor's office as required by R.S. 24:515" is an incorrect statement. For all practical purposes the assessor is the principal finance officer and the statute only requires that the assessor provide "an office" to that individual. There is no provision that says that office cannot be at her home. In fact Assessor Johnson often works at home.
- You assert and imply that Section 515 requires the maintenance of monthly cash receipts and disbursements journal, general ledger etc.. We read no such requirement in the law and furthermore in the 8 years that she has been in office Assessor Johnson has never received any notification from your office as to the forms required by your office nor any particular system of accounting that you recommended or require as set forth to be your obligation in section 515A.

#### **2000-03 Personal Expense Allowance**

We know of no authority by which you perform audits for the IRS or have the authority to distribute how IRS forms are to be filed. The assessor has always reported to the IRS and the LA Dept. of Revenue her net income wages and personal expense allowance. Your remarks have nothing to do with an audit of the office and you have no authority to audit her personal matters.

#### **2000- 04 Vehicle Personal Use**

We are not aware that you have the authority to audit the Federal and state personal tax returns of anyone. If you have obtained Assessor Johnson's personal tax returns we would like to know under what authority you obtained it. Also could you

advise what determinations you have made as to the amount of personal use of her leased vehicle you consider Assessor Johnson should be assessed? My client uses her vehicle for official purposes and is on call 24 hours a day.

#### **2008-05 Lease of Vehicle**

The assessor was not aware that the lease of a vehicle for under \$500 per month required any approval by the Board Commission. She will attend to this matter and note the problem in the near future if that, indeed, is required.

#### **2008-06 Legal Government Budget Act**

The assessor feels that her budget was sufficient and in compliance. She did not believe that during the year 2008 that her expenditures would exceed 5% of budget. Nor did they. If the legal fees shown by the auditors as being collected by her office were classified properly as a reduction or credit against expenditures there would be no variances in the expenditures over budget. This is nit picking by your office.

#### **2008-07 Completion of Compliance Questionnaire**

The assessor acknowledges the receipt of the questionnaire but, due to the press of business, was unable to complete same. This will be completed with in future audits.

#### **2008-08 Internal Controls**

The auditors want the assessor to put in internal controls that would not likely be cost beneficial. This is exactly what was related by you, on page 2 Exhibit A, dated December 6, 2007 of your Draft Audit, where you stated that some internal controls suggested by you may not have any cost benefits. Additionally you are totally mistaken about payments to Home Depot. There were no payments made to Home Depot. We recognize that some glitches were present in locating documentation and we stand ready to cure this problem in the future. However, the assessor has only 4 salaried positions and the largest dollar volume in assessment rolls in the city. So the issue is how best to utilize the personnel and best serve the citizens at the same time.

#### **2008-09 Fixed Asset Records**

The only new equipment or fixed assets acquired in 2008 were 3 computers located in plain view on the old desks that were inherited from the previous assessors. To our knowledge there are no tags on any equipment located in any of the assessor's offices. This is nit picking at best and harrassing and mean spirited at worst. The auditors were able to take an inventory by sight if they wanted. They could also compare the previously

audited statements furnished to the legislative auditor. Furniture and equipment in the office dates back over two to five decades.

#### **2000-01 Payroll**

To put in the payroll internal controls for 4 employees that the auditors suggest would require one additional employee. We will try to refine and implement some of your suggestions; however, the assessor is in this office almost everyday and in contact with the office every day and knows when the employees are present or absent, sick or on vacation.

There is no requirement that the assessor maintain duty logs -- in -- out logs. However Ms. Johnson is one of only two assessors that does. The payroll is handled by Paychex and all checks are written by it on instruction by the assessor. The 4 missing cancelled paystubs for the end of April were shown to be cleared at the bank and the payroll register shows to whom they were issued. W-2 forms were issued to the employees.

#### **2000-01 Policy for Use of Cellular Phone**

There is one cellular phone in use at this office. It is for the use of the assessor to contact the office and citizens and other public officials. That is and has been the policy.

If the legislative auditor has any guidelines for the use of cellular phones which have been established state wide we are not aware of them. Furthermore we are not aware of any legal or regulatory requirements that differentiate the use of a cellular phone from a desk phone.

#### **2000-01 Uniformity in Assessments**

This has been dealt with earlier in this response. Suffice it to say we believe the legislative auditor has an axe to grind on behalf of the wealthy and politically connected and doesn't have either the expertise or the position to dictate what assessors should be made on the condos located at One River Place in New Orleans or any other property.

Sincerely yours,  
Submitted on behalf of Patricia  
Jefferson, Assessor for the First  
Municipal District of New Orleans,

  
William F. Wood

WFW:msh  
Enc. (as stated)