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LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA

Component Unit Financial Statements
For the Year Ended December 31, 2004

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 7-27-05

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln Parish Detention Center
Ruston, Louisiana

I have audited the accompanying component unit financial statements of the governmental activities and fund information of the Lincoln Parish Detention Center, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the Lincoln Parish Detention Center as listed in the table of contents. These component unit financial statements are the responsibility of the Lincoln Parish Detention Center's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

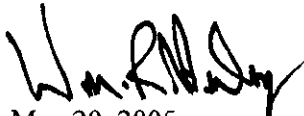
In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund information for the Lincoln Parish Detention Center, as of December 31, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 20, 2005, on my consideration of the Lincoln Parish Detention Center's internal control over financial reporting and my 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 my 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 my audit.

To the Board of Commissioners
Lincoln Parish Detention Center
Page 2

Management's discussion and analysis and budgetary comparison information on pages 3 through 4 and 18, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

WILLIAM R. HULSEY
Certified Public Accountant

A handwritten signature in black ink, appearing to read "W. R. Hulsey", written in a cursive style.

May 20, 2005

**REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LINCOLN PARISH DETENTION CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Lincoln Parish Detention Center provides the reader with an overview of the Center's activities for the years ended December 31, 2004 and 2003. Please read it in conjunction with the Lincoln Parish Detention Center's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Center as a whole.

Reporting the Lincoln Parish Detention Center as a Whole

The Statement of Net Assets and the Statement of 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 entities. All 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 Detention Center's net assets and changes in them. The Detention Center's net assets (the difference between assets and liabilities) measure the Detention Center's financial position. The increases or decreases in the Detention Center's net assets are an indicator of whether its financial position is improving or not.

THE DETENTION CENTER AS A WHOLE

For the years ended December 31, 2004 and 2003, net assets changed as follows:

	<u>2004</u>	<u>2003</u>
Beginning Net Assets	\$ 2,215,773	\$ 2,270,929
Increase (Decrease) in Net Assets	229,503	(55,156)
Ending Net Assets	\$ 2,445,275	\$ 2,215,773

THE DETENTION CENTER'S FUNDS

The following schedule presents a summary of the revenues and expenditures for the years ended December 31, 2004 and 2003:

Revenues	2004	Percent of Total	2003	Percent of Total
Sales and use tax	\$ 1,794,813	89.54%	\$1,452,595	86.49%
Intergovernmental: Local grant	100,000	4.98%	100,000	5.95%
Charges for services	73,072	3.65%	75,921	4.52%
Rents and royalties	10,590	0.53%	13,782	0.82%
Commissions	21,704	1.08%	34,051	2.03%
Use of money and property	4,256	0.22%	3,059	0.18%
Total Revenues	\$ 2,004,435	100.00%	\$ 1,679,408	100.00%

Expenditures	2004	Percent of Total	2003	Percent of Total
Public Safety	\$ 1,273,984	71.78%	\$1,246,135	71.84%
Materials and supplies	72,032	4.06%	63,679	3.67%
Prisoner related charges	300,195	16.91%	299,905	17.29%
Other general	38	0.00%	959	0.00%
Capital Outlay & Depreciation	114,697	6.46%	112,592	6.49%
Intergovernmental	13,986	0.79%	11,294	0.71%
Total Expenditures	\$ 1,774,932	100.00%	\$ 1,734,564	100.00%

BUDGETARY HIGHLIGHTS

The Detention Center's total revenues in 2004 showed a positive variance of \$98,435 when compared to the budgeted amount. The major contributor was an unusual increase in revenue from sales and use taxes. Expenditures showed a positive variance of \$25,565 with the significant portion of that variance shown in operating services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2004, the Detention Center had investments in capital assets totaling \$4,123,115. The following is a schedule of those assets and the accumulated depreciation recognized as compared to December 31, 2003:

Assets	December 31, 2003 Balance	Additions	Disposals	December 31, 2004 Balance
Land	\$ 46,200			\$ 46,200
Building	3,842,223			3,842,223
Vehicles	50,587			50,587

Machinery & Equipment	184,082	9,023		193,105
Total Historical Cost	4,123,092	9,023		4,132,115
Less:				
Accumulated Depreciation	(2,226,642)	(108,035)		(2,334,677)
Capital Assets, Net	\$1,896,450	\$(99,012)		\$1,797,438

Further details on capital assets are included in the notes to the financial statements.

Debt

At year end, the Detention Center had a total liability of \$88,073 for compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Detention Center's revenues are derived mainly from sales and use taxes. The Center does not anticipate any unusual major increases in the taxes collected such as that experienced in 2004 but rather expects that revenues will return to normal levels.

CONTACTING THE DETENTION CENTER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Detention Center's finances and to show the Center's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact the following:

Contact Person: Robert W. Levy
Title: District Attorney

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

		<u>Governmental Activities</u>
ASSETS		
Cash		\$ 444,308
Investments		20,000
Accounts receivable		139,765
Prepaid Expenses		49,747
Non-Depreciable Assets		46,200
Depreciable Assets		<u>1,751,238</u>
TOTAL ASSETS		<u><u>\$ 2,451,258</u></u>
LIABILITIES		
Accounts payable		<u>\$ 5,983</u>
TOTAL LIABILITIES		5,983
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		1,797,438
Unrestricted		<u>647,837</u>
Total Net Assets		<u>2,445,275</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 2,451,258</u></u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Function/Program Activities				Net (Expense) Revenue and Changes in Net Assets	
Government Activities:				Governmental Activities	
Public Safety	\$ 1,774,932	\$ 73,072	\$ 100,000	\$ -	\$ (1,601,860)

General Revenues:

Sales Taxes	1,794,813
Rents and Royalties	10,590
Commissions	21,704
Interest Earned	4,256
Total General Revenues	1,831,363
Changes in Net Assets	229,503
Net Assets - Beginning	2,215,772
Net Assets - Ending	\$ 2,445,275

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>General Fund</u>
Assets:	
Cash	\$ 444,308
Invesments	20,000
Accounts Receivable	139,765
Prepaid Expenses	49,747
 TOTAL ASSETS	 \$ 653,820
 Liabilities and fund equity:	
Liabilities:	
Accounts payable	\$ 5,983
 Fund Balances:	
Unreserved, Reported in:	
General Fund	647,837
 TOTAL LIABILITIES AND FUND EQUITY	 \$ 653,820

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004

Total Governmental Fund Balances	\$ 647,837
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>1,797,438</u>
Net Assets of Governmental Activities	<u><u>\$ 2,445,275</u></u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
Revenues:	
Special sales and use tax	\$ 1,794,813
Intergovernmental revenues:	
Local grant	100,000
Charges for services	73,072
Rents and royalties	10,590
Commissions	21,704
Use of money and property	4,256
Total revenues	2,004,435
Expenditures	
Public safety	
Personal services	1,088,823
Operating services	185,161
Materials and supplies	72,032
Prisoner related charges	300,195
Other general	38
Capital Outlay	15,685
Intergovernmental	13,986
Total Expenditures	1,675,920
Excess of revenues over expenditures	328,515
Fund balances, beginning	319,322
Fund balances, ending	\$ 647,837

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Net Change in Fund Balances - Total Governmental Funds	\$ 328,515
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	9,023
Depreciation expense	<u>(108,035)</u> <u>(99,012)</u>
Change in Net Assets in Governmental Activities	<u>\$ 229,503</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Detention Center Commission is the governing authority for the Lincoln Parish Detention Center (the Center). The Commission, under the provisions of the Louisiana Revised Statute 18:48, is responsible for the care, custody, and control of the prisoners confined to the Center.

The Center complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Government Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

Basis of Presentation

In June, 1999, the GASB unanimously approved statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the presentation of its funds financial information include, for the first time a Management Discussion and Analysis (MD&A) section providing an analysis of the Center's overall financial position and results of operations and financial statements prepared using full accrual accounting for all fund activities. These and other changes are reflected in the accompanying financial statements including the notes to the financial statements.

Reporting Entity

As the governing authority of the parish, for reporting purposes, the Lincoln Parish Police Jury is the financial reporting entity for Lincoln Parish. The financial reporting entity consists of (a) the primary government (police jury), (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 Lincoln Parish Police Jury 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury 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 police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity (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 police jury appoints a voting majority of its governing body, the Center was determined to be a component unit of the Lincoln Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Center and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period. The Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end.

Principal revenue sources considered susceptible to accrual include sales and use taxes, local grants, and state reimbursement for the detention of state prisoners held in the Parish Detention Center. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the Center's present appropriation system. These revenues have been accrued in accordance with accounting principles generally accepted in the United States of America since they have been earned and are expected to be collected within sixty days of the end of the period.

Other revenues are considered to be measurable and available only when cash is received by the Center. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when utilized. The amount of accumulated annual leave unpaid at December 31, 2004 has been reported only in the government-wide financial statements.
- Interest on general long-term obligations is recognized when paid.
- Debt service expenditures are recorded only when payment is due.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The financial activities of the Center are recorded in individual funds, each of which is deemed to be a separate accounting entity. The Center uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

General Fund – This fund accounts for all activities of the Center not specifically required to be accounted for in other funds. Included are transactions for services such as general government, health services, public safety, regulatory services and social services.

Use of Estimates

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

Budgeting Procedures

Budgetary practices of the Center include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgets are prepared on a modified accrual basis of accounting.

The board is authorized to transfer budget amounts within a function by object classification; however, any revisions that alter the total expenditures of any function must be approved by the board. Budgeted amounts shown in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

The board approves total budget appropriations, is authorized to transfer budget amounts between departments within any fund, and alters the total appropriations of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however for report purposes, this level has expanded to a functional basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash includes demand deposits and money market accounts. Under state law, the Lincoln Parish Detention Center may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union or the laws of the United States. Further, the Lincoln Parish Detention Center may invest in the time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Valuation of Carrying Amounts of Deposits

Cash is reported at net book value – the year end bank balance plus any deposits in transit and less any outstanding checks that have not cleared the bank as of that date.

Fund Equity

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at December 31, 2004.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

NOTE 2 - CASH

At year end, the carrying amount (book amount) of the Center's deposits was \$444,308, the bank balance was \$442,621. The bank balance is categorized as follows:

Amount Insured by FDIC and FSLIC	\$ 100,000
Amount collateralized with securities held by the pledging financial institution's agent in the Detention Center's name	<u>342,621</u>
Total Bank Balance	<u>\$ 442,621</u>

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 3 - PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2004 is as follows:

	December 31, 2003			December 31, 2004	
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	
Non-Depreciable Assets:					
Land	\$ 46,200	\$ -	\$ -	\$ 46,200	
Depreciable Assets:					
Building	3,842,223	-	-	3,842,223	
Vehicles	50,587	-	-	50,587	
Machinery & Equipment	<u>184,082</u>	<u>9,023</u>	-	<u>193,105</u>	
Totals at Historical Cost	4,123,092	9,023	-	4,132,115	
Less Accumulated Depreciation for:					
Building	(2,017,168)	(96,056)	-	(2,113,224)	
Vehicles	(46,498)	(3,775)	-	(50,273)	
Machinery & Equipment	<u>(162,976)</u>	<u>(8,204)</u>	-	<u>(171,180)</u>	
Total Accumulated Depreciation	<u>(2,226,642)</u>	<u>(108,035)</u>	-	<u>(2,334,677)</u>	
<u>CAPITAL ASSETS, NET</u>	<u>\$1,896,450</u>	<u>\$ (99,012)</u>	<u>\$ -</u>	<u>\$ 1,797,438</u>	

Depreciation was charged to the Public Safety function of the Center for \$108,035.

NOTE 4 - INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes and the Center's charter. The investments of the Center are categorized to give an indication of the level of risk assumed by the Center at December 31, 2004. The categories are described as follows:

Category 1 – Insured or registered, with securities held by the entity or its agents in the entity's name.

Category 2 – Insured and unregistered, with securities held by the counter-party's trust department or agent in the entity's name.

Category 3 – Uninsured and unregistered, with securities held by the counter-party, in its trust department in the entity's name.

Investments categorized by level of risk, are:

<u>Types of Investments</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Gov't Securities	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$20,000</u>
Total Investments	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$20,000</u>

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - ACCOUNTS RECEIVABLE

The account receivable at December 31, 2004, is as follows:

Sales and use tax	<u>\$ 139,765</u>
-------------------	-------------------

Based on prior experience, the uncollectible receivables are considered immaterial, thus no provision has been made for such loss in these financial statements.

NOTE 6 - PENSION PLAN

Plan Description

The Parochial Employees' Retirement System, a Public Employee Retirement System, is a cost sharing multiple-employer plan that is governed by the Louisiana Revised Statutes, Title II, Sections 1901 through 2015, specifically, and other general laws of the State of Louisiana.

Under the Parochial Retirement System, a member is eligible for normal retirement if he has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old. The monthly retirement benefit is equal to three percent of the member's coverage monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100% of member's final compensation. Retirement benefits are payable monthly for the life of the retiree, and upon the retiree's death under certain conditions are payable to the retiree's surviving spouse and minor children.

The Center's Payroll is included in the Lincoln Parish Police Jury, primary government, financial statements.

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 Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, Louisiana 70898.

NOTE 7 - FEDERALLY ASSISTED PROGRAMS

The Center receives significant financial assistance from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements. The programs are audited in accordance with the Single Audit Act of 1984 and are subject to further examination by the grantor agency.

NOTE 8 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Detention Center (Center) may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 - DEFERRED COMPENSATION PLAN (Continued)

The deferred compensation plan is available to all employees of the Center. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by PEBSCO (Public Employees Benefit Service Corporation) and Hartford, Inc. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the Benefit Service Corporation, until paid or made available to the employees or beneficiaries, are the property of the Center subject only to the claims of the Center's general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the Center, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The Center believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise. As part of its fiduciary role, the Center has an obligation of due care in selecting the third-party administrator. In the opinion of the Center's legal counsel, the Center has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

NOTE 9 - COMPENSATION FOR THE BOARD OF COMMISSIONERS

The members of the Commission for the Center receive no compensation.

NOTE 10 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 2004, there were no governmental fund types that had unfavorable variances greater than 5%.

NOTE 11 - LITIGATION AND CLAIMS

According to the Parish District Attorney, the Lincoln Parish Detention Center had no pending or threatened litigation as of December 31, 2004.

**REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEUDLES**

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows):</u>				
Special sales and use tax	\$ 1,300,000	\$ 1,700,000	\$ 1,794,813	\$ 94,813
<u>Intergovernmental:</u>				
Local grant	100,000	100,000	100,000	-
Charges for services	71,000	71,000	73,072	2,072
Rents and royalties	10,000	10,500	10,590	90
Commissions	30,000	20,500	21,704	1,204
Use of money and property	2,500	4,000	4,256	256
Amounts Available for Appropriation	1,513,500	1,906,000	2,004,435	98,435
<u>Charges to Appropriations (Outflows):</u>				
<u>Public Safety</u>				
Personal services	1,124,253	1,090,220	1,088,823	(1,397)
Operating services	230,880	228,250	185,161	(43,089)
Materials and supplies	71,000	69,700	72,032	2,332
Prisoner related charges	286,500	282,075	300,195	18,120
Other general	1,750	40	38	(2)
Capital Outlay	15,000	15,700	15,685	(15)
Intergovernmental	11,880	15,500	13,986	(1,514)
Total Charges to Appropriations	1,741,263	1,701,485	1,675,920	(25,565)
<u>Excess of Resources Over (Under)</u>	(227,763)	204,515	328,515	124,000
<u>Fund Balance at Beginning of Year</u>	319,322	319,322	319,322	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 91,559</u>	<u>\$ 523,837</u>	<u>\$ 647,837</u>	<u>\$ 124,000</u>

The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2004

Budgetary practices of the Center include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgets are prepared on a modified accrual basis of accounting.

The board is authorized to transfer budget amounts within a function by object classification; however, any revisions that alter the total expenditures of any function must be approved by the board. Budgeted amounts shown in the accompanying financial statements include original adopted budget amounts and all subsequent amendments.

The board approves total budget appropriations, is authorized to transfer budget amounts between departments within any fund, and alters the total appropriations of any fund. Therefore, the level of budgetary responsibility is by total appropriations; however for report purposes, this level has expanded to a functional basis.

Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

State law requires the Center to amend its budgets when revenues plus projected revenues within a fund are expected to fall short from budgeted revenues by five percent or more and when expenditures and other uses of a fund are expected to exceed budgeted amounts by five percent or more.

OTHER SUPPLEMENTAL INFORMATION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Lincoln Parish Detention Center
Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Detention Center, a component unit of the Lincoln Parish Police Jury as of and for the year ended December 31, 2004 and have issued my report thereon dated May 20, 2005. I conducted my 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 my audit, I considered the Lincoln Parish Detention Center's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. 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 caused by errors or fraud in amounts that would be material in relation to the 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Parish Detention Center's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 04-1.

This report is intended solely for the information and use of the board, the Legislative Auditor, the Lincoln Parish Police Jury and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM R. HULSEY
Certified Public Accountant


May 20, 2005

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

SECTION I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
Material weakness (es) identified?	No
Reportable condition (s) identified that are not considered to be material weakness (es)	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness (es) identified?	NA
Reportable condition (s) identified that are not considered to be material weakness (es)?	NA
Type of auditor’s report issued on compliance for major programs:	NA
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	NA
Dollar threshold used to distinguish between type A and type B programs?	NA
Auditee qualified as low-risk auditee?	No

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2004

SECTION II – Financial Statement Findings

04-1 Detention Center Cash Receipts and Deposits

Condition:

During the audit it was noted that Detention Center Commissioners investigated and discovered a misappropriation of \$560 in cash from the Work Release Program. One inmate had his delinquent fee of \$560 paid the day before his release in cash after normal working hours. This cash was placed in the vault that night and was missing the next morning.

Criteria:

The Work Release Program charges a fee to the prisoners for work done through the Work Release Program. No cash is to be received for this program and all receipts are to be deposited the next business day.

Effect:

Because the policy of no cash received was not followed, a misappropriation occurred.

Recommendation:

The Work Release program should follow internal control procedures set forth by the Lincoln Parish Detention Center. These internal controls prescribe that all receipts for the Work Release Program should be taken during normal operating hours and that all deposits should be made by the personnel in charge of deposits.

Response:

This was an unusual occurrence. It is the Detention Center's policy to not take payments after normal operating hours and to have all deposits made by the person in charge of deposits. The Lincoln Parish Detention Center will continue to follow their internal control procedures on cash receipts and deposits.

SECTION III – Federal Award Findings and Questioned Costs

No matters were reported.

LINCOLN PARISH DETENTION CENTER
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

There were no prior year findings in our report issued May 20, 2004.