

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA

Financial Statements
For the Year Ended December 31, 2014

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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MEMBER
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Lincoln Parish Communications District
Ruston, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of the Lincoln Parish Communications District, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions 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 from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

To the Board of Commissioners
Lincoln Parish Communications District
Ruston, Louisiana

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Lincoln Parish Communications District, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison Information on pages 3-5 and 18-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is the responsibility of management and was derived directly from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 15, 2015 on my consideration of the District's internal control over financial reporting and on 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 the testing, and not to provide an opinion on internal control over financial reporting or on compliance.

To the Board of Commissioners
Lincoln Parish Communications District
Ruston, Louisiana

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lincoln Parish Communications District's internal control over financial reporting and compliance.

WILLIAM R. HULSEY (APAC)
Certified Public Accountant



May 15, 2015

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

**LINCOLN PARISH COMMUNICATIONS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Our discussion and analysis of the Communications District provides an overview of the District's activities for the year ended December 31, 2014. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

**Reporting the District as a Whole
The Statement of Net Position 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 District's net position and changes in them. The District's net position (the difference between assets and liabilities) measure the District's financial position. The increases or decreases in the District's net position are an indicator of whether its financial position is improving or not.

THE DISTRICT AS A WHOLE

For the year ended December 31, 2014 and 2013, net position changed as follows:

	2014		2013
Beginning Net Position (Restated)	\$1,792,583		\$1,678,052
Increase	19,329		88,038
Ending Net Position	\$1,811,912		\$1,766,083

THE DISTRICT'S FUNDS

The following schedule presents a summary of revenues and expenditures for the years ended December 31, 2014 and 2013:

Revenues	2014 Amount	Percent Of Total	2013 Amount	Percent Of Total
User fees	\$439,675	98.53%	\$445,571	98.13%
Use of money and property	6,574	1.47%	8,493	1.87%
Total Revenues	\$446,249	100.00%	\$454,064	100.00%

Expenditures	2014 Amount	Percent Of Total	2013 Amount	Percent Of Total
Public Safety	\$338,086	41.16%	\$356,903	97.51%
Capital Outlay	483,329	58.84%	9,130	2.49%
Total Expenditures	\$821,415	100.00%	\$366,033	100.00%

BUDGETARY HIGHLIGHTS

The District's total actual revenues in its general fund exceeded its budgeted revenue by \$69,365 for 2014. The District's total actual expenditures in its general fund were more than its budgeted expenditures by \$6,215 for 2014.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2014, the District had \$608,130 invested in capital assets as follows:

Asset	December 31, 2013 Balance	Additions	Disposals	December 31, 2014 Balance
Machinery and Equipment	\$ 204,962	\$406,168	\$ -	\$ 608,130
Total Capital Assets	204,962	406,168		608,130
Less: Accumulated Depreciation	(180,391)	(8,673)		(189,064)
Total Capital Assets, Net	\$ 24,571	\$ 394,495	\$ -	\$ 419,066

Debt

At year end, the District had no liability for compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's revenues are derived from user fees. Recently implemented legislation has mandated that prepaid wireless cards must pay 911 fees. These additional fees will be paid to the District on a quarterly basis and should provide additional revenue but it is unclear, at this point, how much will be realized.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Contact Person: Bill Sanderson
Title: Chairman

GOVERNMENT-WIDE FINANCIAL STATEMENTS

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	<u>Governmental Activities</u>
<i>Assets</i>	
Cash	\$ 840,021
Investments	500,178
Accounts Receivable	56,869
Due From Other Governments - LPPJ	983
Capital Assets:	
Depreciable	<u>419,066</u>
Total Assets	<u>1,817,117</u>
 <i>Liabilities</i>	
Accounts Payable	5,205
Due To Other Governments - LPPJ	<u>-</u>
Total Liabilities	<u>5,205</u>
 <i>Net Position</i>	
Net Investment in Capital Assets	419,066
Unrestricted	<u>1,392,846</u>
Total Net Position	<u>\$ 1,811,912</u>

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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Function/Program Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Position <u>Governmental Activities</u>	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Government Activities:					
Public Safety	\$ 426,920	\$ 439,675	\$ -	\$ -	\$ 12,755

General Revenues:

Interest Earned	6,574
Changes in Net Position	19,329
Net Position - Beginning (Restated)	1,792,583
Net Position - Ending	\$ 1,811,912

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

THE STATE OF TEXAS
 DEPARTMENT OF TRANSPORTATION
 DIVISION OF METROLOGICAL ENGINEERING
 TEXAS STATE ROAD DEPARTMENT
 TEXAS STATE ROAD DEPARTMENT
 TEXAS STATE ROAD DEPARTMENT

REVENUE		EXPENDITURES		BALANCE	
2000	2001	2000	2001	2000	2001
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400
500	500	500	500	500	500
600	600	600	600	600	600
700	700	700	700	700	700
800	800	800	800	800	800
900	900	900	900	900	900
1000	1000	1000	1000	1000	1000

FUND FINANCIAL STATEMENTS

REVENUE		EXPENDITURES		BALANCE	
2000	2001	2000	2001	2000	2001
100	100	100	100	100	100
200	200	200	200	200	200
300	300	300	300	300	300
400	400	400	400	400	400
500	500	500	500	500	500
600	600	600	600	600	600
700	700	700	700	700	700
800	800	800	800	800	800
900	900	900	900	900	900
1000	1000	1000	1000	1000	1000

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>Communications District General Fund</u>	<u>Communications District Equipment Reserve Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 218,905	\$ 621,116	\$ 840,021
Investments	-	500,178	500,178
Accounts Receivable	56,857	12	56,869
Due From Other Governments - LPPJ	983	-	983
Due From Other Funds	77,730	34,968	112,698
	<u>77,730</u>	<u>34,968</u>	<u>112,698</u>
TOTAL ASSETS	<u>\$ 354,475</u>	<u>\$ 1,156,274</u>	<u>\$ 1,510,749</u>
LIABILITIES			
Accounts Payable	\$ 5,205	\$ -	\$ 5,205
Due To Other Governments - LPPJ	-	-	-
Due To Other Funds	34,968	77,730	112,698
Total Liabilities	<u>40,173</u>	<u>77,730</u>	<u>117,903</u>
FUND BALANCE			
Assigned	-	1,078,544	1,078,544
Unassigned	314,302	-	314,302
	<u>314,302</u>	<u>1,078,544</u>	<u>1,392,846</u>
Total Fund Balances	<u>314,302</u>	<u>1,078,544</u>	<u>1,392,846</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 354,475</u>	<u>\$ 1,156,274</u>	<u>\$ 1,510,749</u>

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCES TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014

Total Governmental Fund Balances \$ 1,392,846

*Amounts reported for governmental activities
in the statement of net position are different*

Capital assets used in governmental activities
are not financial resources and therefore
are not reported in the funds.

419,066

Net Position of Governmental Activities

\$ 1,811,912

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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Communications District General Fund</u>	<u>Communications District Equipment Reserve Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
User Fees	\$ 439,675	\$ -	\$ 439,675
Interest	260	6,314	6,574
Total Revenues	<u>439,935</u>	<u>6,314</u>	<u>446,249</u>
Expenditures:			
Public safety			
Professional Services	139,750	-	139,750
BellSouth Service Agreement	165,377	-	165,377
Equipment Maintenance	7,959	-	7,959
GIS Mapping	25,000	-	25,000
Capital Outlay	483,329	-	483,329
Total Expenditures	<u>821,415</u>	<u>-</u>	<u>821,415</u>
Excess of Revenues Over Expenditures	(381,480)	6,314	(375,166)
Other Financing Sources (Uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures And Other Uses	(381,480)	6,314	(375,166)
Fund Balance, Beginning (Restated)	<u>695,782</u>	<u>1,072,230</u>	<u>1,768,012</u>
FUND BALANCE, ENDING	<u>\$ 314,302</u>	<u>\$ 1,078,544</u>	<u>\$ 1,392,846</u>

LINCOLN PARISH COMMUNICATIONS DISTRICT
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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (375,166)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets purchases capitalized	403,168
Depreciation Expense	<u>(8,673)</u>

Change in Net Position in Governmental Activities	<u>\$ 19,329</u>
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The accompanying notes are an integral part of this financial statement.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lincoln Parish Communications District (the "District") was created by Ordinance 85-88-(2) adopted by the Police Jury of Lincoln Parish on August 23, 1988. The governing body of the District consists of a seven member Board of Commissioners.

The District 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 District'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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The governmental-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 District 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 are federal grants, interest on investments, sales and income taxes, and lease payments receivable. 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 District'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.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Other revenues are considered to be measurable and available only when cash is received by the District. 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, 2014 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.

Fund Accounting

The financial activities of the District are recorded in individual funds, each of which is deemed to be a separate accounting entity. The District 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 – The General Fund is the general operating fund for the Lincoln Parish Communications District. It is used to account for all financial sources and uses of the Communications District, except those required to be accounted for in other funds.

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The equipment replacement fund was established in 1994 to account for funds to replace equipment.

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.

Budgets and Budgetary Accounting

The budget for the General Fund is proposed by the Director and formally adopted by the Commissioners. The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Louisiana statutes permit the District to invest in United States' bonds, treasury notes, or certificates, or other obligations of the U.S. Government and agencies of the U.S. Government which are federally insured, and certificates of deposit of state banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which are registered and which have underlying investments limited to securities of the U.S. Government or its agencies.

The District's policy is to include short-term interest bearing deposits with a maturity of three months or less as cash in the financial statements.

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

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Commissioners – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Commissioners remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the Board's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Interfund Transactions

Quasi-external transactions are accounted for as revenue and expenditures. Transactions that constitute reimbursements to a fund are recorded as expenditures in the reimbursing fund and as reduction of expenditures in the fund that is reimbursed. All other interfund transactions that are not to be repaid are recorded as transfers.

Fixed Assets

Fixed assets of the District are stated at cost and are reported in the government-wide financial statements. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of 5 years.

Compensated Absences

Employees accrue from five to fifteen days of annual and sick leave each year depending on years of service with the Communications District. Annual leave must be used in the year it is earned. Sick leave, up to a maximum of fifteen days, may be carried forward to the next year for major illnesses only. Upon separation, all unused sick leave lapses.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits. The custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2014. The District had cash and cash equivalents in demand deposits, totaling \$840,021 at December 31, 2014.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash per books at year end was \$1,211,930. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at December 31, 2013, are secured, as follows:

Bank Balances	\$ <u>840,231</u>
FDIC Insurance	250,000
Pledged Securities (uncollateralized)	<u>1,889,872</u>
Total	<u>\$ 2,139,872</u>

NOTE 3 - INVESTMENTS

Custodial Credit Risk – Investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investments in United States government securities are held by the District’s agent in the District’s name. Therefore, the District had no custodial credit risk related to its investments at December 31, 2014.

Under state law, the District may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At December 31, 2014, the District had the following investments stated at cost, which approximates market:

United States Government Securities	\$ <u>500,178</u>
-------------------------------------	-------------------

Interest Rate Risk. In accordance with its investments policy, the District manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments” which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk. The District’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk. The District’s investment policy limits the District’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 4 – PROPERTY AND EQUIPMENT

Capital asset activity for the year ended December 31, 2014 is as follows:

	December 31, 2013			December 31, 2014
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Depreciable Assets:				
Machinery & Equipment	\$ 204,962	\$ 403,168	\$ -	\$ 608,130
Totals at Historical Cost	204,962	403,168	-	608,130
Less Accumulated Depreciation for:				
Machinery & Equipment	(180,391)	(8,673)	-	(189,064)
Total Accumulated Depreciation	(180,391)	(8,673)	-	(189,064)
<u>CAPITAL ASSETS, NET</u>	<u>\$ 24,571</u>	<u>\$ 394,495</u>	<u>\$ -</u>	<u>\$ 419,066</u>

Depreciation was charged to the Public Safety function of the District for \$8,673.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2014 were \$56,869 and consisted of user fees. 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 - PAROCHIAL RETIREMENT SYSTEM

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 District'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.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - PENSION PLAN - PAROCHIAL RETIREMENT SYSTEM (CONTINUED)

Funding Policy

Under the plan, members are required by state statute to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 16.00% of annual covered payroll. The District's contributions to the System for the years ending December 31, 2014, 2013, and 2012 are included in the Lincoln Parish Police Jury's retirement expense.

NOTE 7 - FEDERALLY ASSISTED PROGRAMS

The Lincoln Parish Communications District has no federally financial assisted programs so therefore, no schedule of federally assisted program activity has been presented in accordance with the Office of Management and Budget Circular A-133, Audits of State and Local Governments.

NOTE 8 - DEFERRED COMPENSATION PLAN

Employees of the Lincoln Parish Communications District 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).

The deferred compensation plan is available to all employees of the Lincoln Parish Communications District. 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. In accordance with the provisions of GASB Statements No. 32 and No. 34, plan balances and activities are not reflected in the financial statements of the Lincoln Parish Communications District.

NOTE 9 - LITIGATION

According to the Parish District Attorney, the District had no pending or threatened litigation as of December 31, 2014.

NOTE 10 - COMPENSATION FOR THE BOARD OF COMMISSION

The members of the Commission for the Lincoln Parish Communications District receive no compensation.

NOTE 11 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Variances

When comparing budget to actual amounts for the year ended December 31, 2014, there was a favorable variance in the General fund and Equipment Reserve fund for revenues and expenditures being less than 5%.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 12 - SPECIAL SERVICE ARRANGEMENT AGREEMENT

In July 2007, the District entered into a special service arrangement agreement with BellSouth Telecommunications, Inc. to provide equipment upgrades and maintenance for the 911 emergency system. The District paid \$413,575 at the inception of the agreement and is to pay \$11,600 per month for the next 60 months to maintain the agreement. The agreement is actually an operating lease with ownership of the equipment remaining with BellSouth at the end of the agreement term.

NOTE 13 – IMPLEMENTATION OF WIRELESS 911 SYSTEM

The 911 Communication District received \$113,287 in 2014 from landline telephone providers and \$326,388 in 2014 from wireless telephone providers for a total of \$439,675 in emergency telephone service charges for 2014. In compliance with FCC order no. 94-102, the District has been implementing the wireless 911 system in two phases.

Phase I displays the wireless 911 caller's telephone number, active tower address, and the direction of the caller from the wireless tower being utilized. Phase II is intended to display the wireless 911 caller's location on a digital map display with a 125 meter accuracy level. Phase I and II have been fully implemented.

Phase II was completed in 2006 for Sprint/Nextel, T-Mobile, and AT&T/Cingular. Alltel deployed the necessary equipment to provide Phase II information and was completed in August 2007.

The landline service has been fully implemented in prior years. The total expenditures for 2014 related to the District were \$821,415 which, other than those mentioned above, were used solely for operation of the implemented services.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

During 2013, accounts payable in the amount of \$26,500 was accrued but subsequently written off during 2014. The write off resulted in an increase in beginning fund balance of \$26,500.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2015, which the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues (Inflows):</u>				
User Fees	\$ 392,200	\$ 370,300	\$ 439,675	\$ 69,375
Interest Income	960	270	260	(10)
Total Revenues	393,160	370,570	439,935	69,365
<u>Expenditures (Outflows):</u>				
Professional Services	134,000	140,000	139,750	250
BellSouth Service Agreement	175,000	160,000	165,377	(5,377)
GIS Mapping	25,000	25,000	25,000	-
Office Expense	850	850	704	146
Equipment Maintenance	1,000	900	7,255	(6,355)
Capital Outlay	475,500	488,450	483,329	5,121
Total Expenditures	811,350	815,200	821,415	(6,215)
<u>Excess Revenues Over Expenditures</u>	(418,190)	(444,630)	(381,480)	63,150
<u>Other Financing Uses</u>				
Transfer In (Out)	-	-	(34,968)	(34,968)
<u>Fund Balance at Beginning of Year</u>	695,782	695,782	695,782	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 277,592</u>	<u>\$ 251,152</u>	<u>\$ 279,334</u>	<u>\$ 28,182</u>

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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<u>Resources (Inflows):</u>				
Other Revenues	\$ 2,100	\$ 275	\$ 6,314	\$ 6,039
Total Revenues	2,100	275	6,314	6,039
<u>Expenditures (Outflows):</u>	-	-	-	-
<u>Excess of Revenues Over Expenditures</u>	2,100	275	6,314	6,039
<u>Other Financing Sources</u>				
Transfers In	-	-	-	-
<u>Fund Balance at Beginning of Year</u>	1,072,230	1,072,230	1,072,230	-
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 1,074,330</u>	<u>\$ 1,072,505</u>	<u>\$ 1,078,544</u>	<u>\$ 6,039</u>

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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2014

The budgets for the funds are proposed by the Director and formally adopted by the Commissioners. The budgets are prepared on a basis consistent with generally accepted accounting principles (GAAP). Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require approval of the Commissioners. At year end, all appropriations lapse.

State law requires the District 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

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2014

There is no compensation, benefits or other payments paid to an agency head or chief executive officer by this entity.

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Lincoln Parish Communications District
Ruston, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Lincoln Parish Communications District, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 15, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Commissioners
Lincoln Parish Communications District
Ruston, Louisiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lincoln Parish Communications District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the use of management of the Lincoln Parish Communications District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WILLIAM R. HULSEY (APAC)
Certified Public Accountant


May 15, 2015

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Board of Commissioners
 Lincoln Parish Communications District
 Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Communications District (the District) as of and for the year ended December 31, 2014, and have issued my report thereon dated May 15, 2015. 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. My audit of the financial statements as of December 31, 2014, resulted in an unqualified opinion.

SECTION I - Summary of Auditor's Results

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

Internal Control

Material Weakness yes no
 Significant Deficiencies not considered to be
 Material Weaknesses yes no

Compliance

Compliance Material to Financial Statements yes no

B. Federal Awards

Material Weakness Identified yes no
 Significant Deficiencies not considered to be
 Material Weaknesses yes no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510 (a)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)
 CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A

SECTION II - Financial Statement Findings

No matters were reported.

SECTION III - Federal Award Findings and Questioned Costs

No matters were reported.

LINCOLN PARISH COMMUNICATIONS DISTRICT
RUSTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

Internal Control and Compliance Material to Federal Awards

There were no findings for this category.

Internal Control and Compliance Material to the Financial Statements

There were no findings for this category.

Management Letter Comments

There were no findings for this category.