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LINCOLN PARISH COMMUNICATIONS DISTRICT  
RUSTON, LOUISIANA

*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 COMMUNICATIONS DISTRICT  
RUSTON, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

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**WILLIAM R. HULSEY**

A PROFESSIONAL ACCOUNTING CORPORATION  
2117 FORSYTHE AVENUE  
MONROE, LOUISIANA

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

MAILING ADDRESS  
P.O. BOX 2253  
MONROE, LOUISIANA 71207  
(318) 362-9900  
FAX (318) 362-9921

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Lincoln Parish Communications District  
Ruston, Louisiana

I have audited the accompanying financial statements of the governmental activities and the fund information of the Lincoln Parish Communications District, as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements of the Lincoln Parish Communications District as listed in the table of contents. These financial statements are the responsibility of the Lincoln Parish Communications District'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 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 Communications District 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 Communication District'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.

Board of Commissioners  
Lincoln Parish Communications District  
Page 2

Management's discussion and analysis and budgetary comparison information on pages 2 through 3 and 16 through 17, 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 "Wm. R. Hulsey". The signature is written in a cursive style with some loops and flourishes.

May 20, 2005

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, 2004. 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 Assets 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 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 District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) measure the District's financial position. The increases or decreases in the District's net assets are an indicator of whether its financial position is improving or not.

**THE DISTRICT AS A WHOLE**

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

	2004		2003
Beginning Net Assets	\$1,247,622		\$1,137,545
Increase (decrease)	(303,582)		110,077
Ending Net Assets	\$ 944,040		\$1,247,622

**THE District's FUNDS**

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

Revenues	2004 Amount	Percent Of Total	2003 Amount	Percent Of Total
User fees	\$361,475	93.00%	\$319,152	95.40%
Use of money and property	27,172	7.00%	15,404	4.60%
<b>Total Revenues</b>	<b>\$388,647</b>	<b>100.00%</b>	<b>\$334,556</b>	<b>100.00%</b>

Expenditures	2004 Amount	Percent Of Total	2003 Amount	Percent Of Total
Public Safety	\$235,059	33.96%	\$212,312	94.58%
Capital Outlay	457,170	66.04%	12,167	5.42%
<b>Total Expenditures</b>	<b>\$692,229</b>	<b>100.00%</b>	<b>\$224,479</b>	<b>100.00%</b>

The capital outlay in 2004 was for upgrading the emergency 911 equipment and maintaining the service arrangement agreement with BellSouth.

**BUDGETARY HIGHLIGHTS**

The District's total revenues in the District's general fund for 2004 were \$57,934 over the amount budgeted. This is attributed to a substantial increase in user fees over 2003 and a resulting increase in interest earnings. Expenditures for the District, net of transfers, were more than the final budget by \$2,485.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At December 31, 2004, the District had \$161,600 invested in capital assets as follows:

Asset	December 31, 2003 Balance	Additions	Disposals	December 31, 2004 Balance
Machinery and Equipment	\$161,600	\$ -	\$ -	\$161,600
<b>Total Capital Assets</b>	<b>161,600</b>			<b>161,600</b>
Less: Accumulated Depreciation	(147,790)	(6,514)		(154,304)
<b>Total Capital Assets, Net</b>	<b>\$13,810</b>	<b>\$(6,514)</b>	<b>\$ -</b>	<b>\$7,296</b>

There were no additions to capital assets in the current year.

## **Debt**

At year end, the District had no liability for compensated absences as compared to \$1,428 in 2003.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's revenues are derived from user fees and, though it expects some increase in this revenue source, it does not anticipate any major increases or decreases.

## **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 ASSETS  
DECEMBER 31, 2004

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 370,642
Investments	522,787
Accounts Receivable	44,730
Capital Assets:	
Depreciable	<u>7,296</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 945,455</u></u></b>
LIABILITIES	
Accounts Payable	\$ 1,415
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,296
Unrestricted	<u>936,744</u>
Total Net Assets	<u>944,040</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 945,455</u></u></b>

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, 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 Governmental Activities	
Government Activities:					
Public Safety	\$ 692,229	\$ 361,475	\$ -	\$ -	\$ (330,754)

General Revenues:

Interest Earned	27,172
Total General Revenues	27,172
Changes in Net Assets	(303,582)
Net Assets - Beginning	1,247,622
Net Assets - Ending	\$ 944,040

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

FUND FINANCIAL STATEMENTS

LINCOLN PARISH COMMUNICATIONS DISTRICT  
RUSTON, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	<u>Communications District General Fund</u>	<u>Communications District Equipment Reserve Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 236,417	\$ 134,225	\$ 370,642
Investments	-	522,787	522,787
Accounts receivable	44,730	-	44,730
Due From Other Funds	-	126,002	126,002
	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 281,147</b>	<b>\$ 783,014</b>	<b>\$ 1,064,161</b>
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,057	\$ -	\$ 1,057
Due To Other Funds	126,002	-	126,002
Total Liabilities	<hr/> 127,059	<hr/> -	<hr/> 127,059
<b>FUND BALANCE</b>			
Unreserved, Reported in General Fund			
General Fund	154,088	-	154,088
Special Revenue Fund	-	783,014	783,014
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<hr/> 154,088	<hr/> 783,014	<hr/> 937,102
	<hr/>	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 281,147</b>	<b>\$ 783,014</b>	<b>\$ 1,064,161</b>
	<hr/>	<hr/>	<hr/>

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

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

Total Governmental Fund Balances \$ 937,102

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

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

7,296

Net Assets of Governmental Activities

\$ 944,398

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, 2004

	Communications District General Fund	Communications District Equipment Reserve Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
User Fees	\$ 361,475	\$ -	\$ 361,475
Interest	16,459	10,713	27,172
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	377,934	10,713	388,647
Expenditures:			
Public safety			
Personnel	60,936	-	60,936
Professional Services	19,394	-	19,394
Office and Postage	10,109	-	10,109
Telephone	11,006	-	11,006
BellSouth Service Agreement	104,541	-	104,541
GIS Mapping	22,917	-	22,917
Capital Outlay	24,399	432,771	457,170
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	253,302	432,771	686,073
Excess (Deficiency) of Revenues Over Expenditures	124,632	(422,058)	(297,426)
Other financing sources (uses):			
Operating transfers in	-	126,002	126,002
Operating transfers out	(126,002)	-	(126,002)
Total Other Financing Sources (Uses)	<u>                    </u>	<u>                    </u>	<u>                    </u>
	(126,002)	126,002	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures And Other Uses	(1,370)	(296,056)	(297,426)
Fund Balance, Beginning	155,100	1,079,070	1,234,170
	<u>                    </u>	<u>                    </u>	<u>                    </u>
FUND BALANCE, ENDING	<u>\$ 153,730</u>	<u>\$ 783,014</u>	<u>\$ 936,744</u>

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

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, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (297,426)

*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	-
Depreciation Expense	(6,514)

The decrease in compensated absences liability does not require the use of current financial resources but is recorded as an expense in the statement of activities.

358

Change in Net Assets in Governmental Activities

\$ (303,582)

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, 2004

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. Other revenues are

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 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.

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, 2004

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

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.”

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At year end, the carrying amount (book amount) of the Communications District's deposits was \$370,642, while the bank balance was \$383,463. The bank balance is categorized as follows:

Amount insured by FDIC	\$ 100,000
Amount collateralized with securities held by the pledging financial institution's agent in the Communications District's name	<u>283,463</u>
Total bank balance	<u>\$ 383,463</u>

NOTE 3 - INVESTMENTS

Investing is performed in accordance with investment policies complying with state statutes and the District's charter. The investments of the District are categorized to give an indication of the level of risk assumed by the District 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 - Uninsured 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.

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

NOTE 3 – INVESTMENTS (Continued)

Investments categorized by level of risk, are as follows:

	1	Category 2	3	Carrying Amount	Fair Value
Mortgage backed securities	\$ 21,218	\$ -	\$ -	\$ 21,928	\$ 21,218
U.S. Government securities	490,344	-	-	490,000	490,344
Premium on Bonds	10,859	-	-	10,859	10,859
Total Investments	\$ 522,421	\$ -	\$ -	\$ 522,787	\$ 522,421

NOTE 4 – PROPERTY AND EQUIPMENT

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

	December 31, 2003 Balance	Additions	Disposals	December 31, 2004 Balance
Depreciable Assets:				
Machinery & Equipment	\$ 161,600	\$ -	\$ -	\$ 161,600
Totals at Historical Cost	161,600	-	-	161,600
Less Accumulated Depreciation for:				
Machinery & Equipment	( 147,790)	( 6,514)	-	( 154,304)
Total Accumulated Depreciation	( 147,790)	( 6,514)	-	( 154,304)
<b>CAPITAL ASSETS, NET</b>	<b>\$ 13,810</b>	<b>\$( 6,514)</b>	<b>\$ -</b>	<b>\$ 7,296</b>

Depreciation was charged to the Public Safety function of the District for \$6,514.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2004 were \$44,730 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.

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

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

Plan Description(Continued)

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.

NOTE 7 - FEDERALLY ASSISTED PROGRAMS

The Lincoln Parish Communications District has no federally financial assisted programs, 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 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.

The deferred compensation plan is administered by PEBSO (Public Employee Benefit Service Corporation). 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 financial institution, until paid or made available to the employees or beneficiaries, are the property of the District, subject only to the claims of the District's general creditors.

In addition, the participants in the plan have rights equal to those of the general creditors of the District, and each participant's rights are equal to his or her share of the fair market value of the plan assets. The District believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that may arise.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

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

NOTE 9 - LITIGATION

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

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, 2004, there were no governmental funds that had unfavorable variances of greater than 5.0%.

NOTE 12 - SPECIAL SERVICE ARRANGEMENT AGREEMENT

In April 2004, 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. The minimum payments due over the life of the agreement are as follows:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2005	\$ 139,200
2006	139,200
2007	139,200
2008	139,200
2009	<u>34,800</u>
Total	<u>\$ 591,600</u>

NOT 13 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget/Actual Unfavorable Variances

When comparing budget to actual revenue and expenditure amounts for the year ended December 31, 2004, the following general fund had variances greater than 5%:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues	\$ 320,000	\$ 377,934	\$ 57,934
Expenditures	320,000	379,304	( 59,304)

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, 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>				
User Fees	\$ 316,000	\$ 316,000	\$ 361,475	\$ 45,475
Interest Income	4,000	4,000	16,459	12,459
Amounts Available for Appropriation	320,000	320,000	377,934	57,934
<u>Charges to Appropriations (Outflows):</u>				
Personnel	76,087	76,087	60,936	15,151
Professional Services	15,000	15,000	19,394	(4,394)
Office and Postage	10,000	10,000	10,109	(109)
Telephone	-	-	11,006	(11,006)
BellSouth Service Agreement	110,000	110,000	104,541	5,459
GIS Mapping	25,000	25,000	22,917	2,083
Equipment Maintenance	3,000	3,000	-	3,000
Capital Outlay	16,700	16,700	24,399	(7,699)
Transfers Out to Other Funds	64,213	64,213	126,002	(61,789)
Total Charges to Appropriations	320,000	320,000	379,304	(59,304)
<u>Excess of Resources Over (Under)</u>	-	-	(1,370)	(1,370)
<u>Fund Balance at Beginning of Year</u>	154,398	154,398	155,100	702
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 154,398</u>	<u>\$ 154,398</u>	<u>\$ 153,730</u>	<u>\$ (668)</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, 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>				
Other Revenues	\$ 18,375	\$ 18,375	\$ 10,713	\$ (7,662)
Transfers In From Other Funds	64,213	64,213	126,002	61,789
Amounts Available for Appropriation	82,588	82,588	136,715	54,127
<u>Charges to Appropriations (Outflows):</u>	417,000	417,000	432,771	(15,771)
<u>Excess of Resources Over (Under)</u>	(334,412)	(334,412)	(296,056)	69,898
<u>Fund Balance at Beginning of Year</u>	1,052,512	1,074,712	1,079,070	4,358
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 718,100</u>	<u>\$ 740,300</u>	<u>\$ 783,014</u>	<u>\$ 74,256</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, 2004

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.

Budget/Actual Unfavorable Variances

When comparing budget to actual revenue and expenditure amounts for the year ended December 31, 2004, the following general fund had variances greater than 5%:

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues	\$ 320,000	\$ 377,934	\$ 57,934
Expenditures	320,000	379,304	( 59,304)

OTHER SUPPLEMENTAL INFORMATION

**WILLIAM R. HULSEY**

A PROFESSIONAL ACCOUNTING CORPORATION  
2117 FORSYTHE AVENUE  
MONROE, LOUISIANA

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

MAILING ADDRESS  
P.O. BOX 2253  
MONROE, LOUISIANA 71207  
(318) 362-9900  
FAX (318) 362-9921

**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 Communications District  
Ruston, Louisiana

I have audited the financial statements of the Lincoln Parish Communications District, 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 Communications District'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 Communications District'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the committee, 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 COMMUNICATIONS DISTRICT  
RUSTON, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2004  
 EIN 72-6000673

**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

**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, 2004

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