

LINCOLN PARISH ASSESSOR
RUSTON, LOUISIANA

FINANCIAL STATEMENTS
DECEMBER 31, 2005

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.

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LINCOLN PARISH ASSESSOR
DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT

Honorable Pam C. Jones, C.L.A.
Lincoln Parish Assessor
Ruston, LA 71273

We have audited the accompanying financial statements of the Lincoln Parish Assessor, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Lincoln Parish Assessor's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lincoln Parish Assessor as of December 31, 2005, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 32, 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. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that comprise the Lincoln Parish Tax Assessor's basic financial statements. The introductory section is presented for

purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cochran, Clark & Robinson

Cochran, Clark & Robinson

Rayville, LA
May 19, 2006

**REQUIRED SUPPLEMENTARY
INFORMATION**

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Management's Discussion and Analysis (Unaudited)

Within this section of the Lincoln Parish Assessor, Ruston, Louisiana (the Parish Assessor) annual financial report, the Parish Assessor's management is pleased to provide this narrative discussion and analysis of the financial activities of the Parish Assessor for the calendar year ended December 31, 2005. The Parish Assessor's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Parish Assessor's assets exceeded its liabilities (net assets) by \$1,067,119 for 2005.
- Total net assets are comprised of the following:

December 31, 2005

- (1) Capital assets of \$65,523 include property and equipment, net of accumulated depreciation.
 - (2) Unrestricted net assets of \$1,001,596 represent the portion available to maintain the Parish Assessor's continuing obligations to citizens and creditors.
- The Parish Assessor's governmental funds reported total ending fund balance of \$1,001,596 for 2005. The total fund balance is unreserved.
 - At the end of the current calendar year, unreserved fund balance for the General Fund was \$1,001,596 or 169% of total General Fund expenditures.
 - Overall, the Parish Assessor continues to maintain a strong financial position, in spite of a somewhat depressed economy.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

INDEPENDENT AUDITORS' REPORT

The first item in this report is the Independent Auditors' Report. This report tells the reader what the auditor audited and if the Parish Assessor has followed the accounting and financial reporting rules. For the year ended in 2005, the auditor has given the Parish Assessor what is commonly called "a clean opinion". This means that the Parish Assessor is following the accounting rules and the following financial statements reflect the financial position and the financial activity for the year ended December 31, 2005. The auditors' report is signed by the independent auditor. The auditors' report may be found on pages 1 and 2 of this financial report.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Parish Assessor's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Parish Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information and supplementary information.

Government-wide Financial Statements

The Parish Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Parish Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Parish Assessor's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Parish Assessor as a whole is improving or deteriorating. Evaluation of the overall health of the Parish Assessor would extend to other nonfinancial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the Parish Assessor's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when the Parish Assessor receives or pays cash. An important purpose of the design of the statement of activities is to show the financial reliance of the Parish Assessor's distinct activities or functions on revenues provided by the Parish Assessor's taxpayers.

The government-wide financial statements are presented on pages 14 through 15 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Parish Assessor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Parish Assessor's only fund, the general fund.

The Parish Assessor uses only one fund type:

The Government fund is reported in the fund financial statements and encompasses the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Parish Assessor's governmental fund. These statements report short-term calendar accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17 through 20 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Parish Assessor's budget presentation. The general fund's budgetary comparison statement is included as "other required supplementary information". Other required supplementary information is information that the accounting rules strongly suggest be presented within the Assessor's financial report. This statement demonstrates compliance with the Parish Assessor's adopted and final budget. The required supplementary information can be found on pages 32 of this report.

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR AS A WHOLE

The following table provides a summary of the Parish Assessor's net assets:

	2005		2004		2003	
		%		%		%
	Governmental of Activities	Total	Governmental of Activities	Total	Governmental of Activities	Total
Assets:						
Current Assets	1,106,019	94%	1,118,211	94%	1,261,252	94%
Capital Assets	<u>65,523</u>	<u>6%</u>	<u>74,209</u>	<u>6%</u>	<u>81,792</u>	<u>6%</u>
Total Assets	<u>1,171,542</u>	<u>100%</u>	<u>1,192,420</u>	<u>100%</u>	<u>1,343,044</u>	<u>100%</u>
Liabilities:						
Current Liabilities	124	-	2,630	3%	1,952	2%
Deferred Revenue	<u>104,299</u>	<u>100%</u>	<u>97,425</u>	<u>97%</u>	<u>82,452</u>	<u>98%</u>
Total Liabilities	<u>104,423</u>	<u>100%</u>	<u>100,055</u>	<u>100%</u>	<u>84,404</u>	<u>100%</u>
Net Assets:						
Investment in Capital Assets, net of debt	65,523	6	74,209	7%	81,792	6%
Unrestricted	<u>1,001,596</u>	<u>94%</u>	<u>1,018,156</u>	<u>93%</u>	<u>1,176,848</u>	<u>94%</u>
Total Net Assets	<u>1,067,119</u>	<u>100%</u>	<u>1,092,365</u>	<u>100%</u>	<u>1,258,640</u>	<u>100%</u>

The Parish Assessor continues to maintain an extremely high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities are as follows:

	2005	2004	2003
Current Ratio	892 to 1	425 to 1	646 to 1

These are strong ratios.

The Parish Assessor reports a positive balance in net assets for its governmental activities. Net assets have decreased as follows:

	Decrease	%
2005	25,246	2
2004	166,275	15
2003	70,272	5

Note that approximately 6% of the governmental activities net assets are tied up in capital in all years. The Parish Assessor uses these capital assets to provide services to its citizens.

The following data is presented on the accrual basis of accounting which means that all costs are presented, however, the purchase of capital assets is not included but depreciation on the capital assets is included.

The following table provides a summary of the Parish Assessor's changes in net assets:

Summary of Changes in Net Assets

	2005		2004		2003	
	Governmental Activities	of Total %	Governmental Activities	of Total %	Governmental Activities	of Total %
Revenues:						
Program:						
Charges for Services	22,953	4%	18,891	3%	64,646	11%
General:						
Taxes	489,740	85%	433,549	84%	453,846	76%
State revenue sharing	45,965	8%	45,784	8%	45,394	8%
Interest	18,270	3%	15,368	4%	23,770	4%
Other	-	-	4,253	1%	4,306	1%
Total Revenues	<u>576,928</u>	<u>100%</u>	<u>517,845</u>	<u>100%</u>	<u>591,962</u>	<u>100%</u>
Program Expenses:						
Operational:						
Salaries and benefits	474,268	79%	476,620	70%	471,337	71%
Operating Services	66,121	11%	142,577	21%	116,792	18%
Materials and Supplies	13,397	2%	15,732	2%	13,070	2%
Travel and Other	39,702	7%	39,853	6%	48,801	7%
Depreciation	8,686	1%	9,338	1%	12,234	2%
Total Expenses:	<u>602,174</u>	<u>100%</u>	<u>684,120</u>	<u>100%</u>	<u>662,234</u>	<u>100%</u>
Change in Net Assets	(25,246)		(166,275)		(70,272)	
Beginning Net Assets	<u>1,092,365</u>		<u>1,258,640</u>		<u>1,328,912</u>	
Ending Net Assets	<u>1,067,119</u>		<u>1,092,365</u>		<u>1,258,640</u>	

GOVERNMENTAL REVENUES

The Parish Assessor is heavily reliant on property taxes to support its operations. As a result, the general economy and local businesses have a major impact on the Parish Assessor's revenue streams.

Sources of revenue are shown below by percentage:

	2005	2004	2003
General Revenues	<u>2005</u>	<u>2004</u>	<u>2003</u>
Property Tax	85	84	76
State Revenue Sharing	8	8	8
Other	-	1	1
Interest	3	4	4
Total General Revenues	<u>96</u>	<u>97</u>	<u>89</u>
Program Revenues	<u>4</u>	<u>3</u>	<u>11</u>
Total Revenues	100%	100%	100%

GOVERNMENTAL FUNCTIONAL EXPENSES

Since assessor operations are staff oriented, a major portion of the budget is used for employee salaries and benefits each year.

The following is a summary of the major operational expenses as a percentage of total expenses:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Salaries and Benefits	79	70	71
Operating Services	11	21	18
Materials and Supplies	2	2	2

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR'S GENERAL FUND

The General Fund is the Parish Assessor's operating fund and the source of day-to-day service delivery. As discussed, the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Remember the data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as an expenditure in the same year.

In the past three years, the total ending general fund's fund balance decreased each year. This decrease is primarily the result of the expenditures needed to gather data and acquire and maintain the technology to perform the required reassessment of property values. In the future, the cost of this reassessment process will continue to exceed the normal tax revenues of the office.

The total fund balance and change per year is reporting is the following chart:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Total fund balance	1,001,596	1,018,156	1,176,848
Change from prior year	-16,560	-158,692	-65,879

Other key factors contributing to this change were revenues modestly in excess of projections and continued efforts to control operating costs. The total amount is unreserved indicating availability for continuing Parish Assessor service requirements.

As indicated below, property taxes and state revenue sharing provide most of the resources for the Assessor's office:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Property Tax	489,740	433,549	453,846
State Revenue Sharing	45,965	45,784	45,394

The following table shows the % of change (+ increase or - decrease) in expenditures for each year:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Salaries and Benefits	0%	+1%	+8%
Operating services	-54%	+22%	+23%
Materials and supplies	-15%	+20%	-14%
Capital outlay	-100%	-78%	-71%

As a percentage of annual expenditures the General Fund's ending fund balance is considered very adequate. The percentages each year are as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Fund balance as a % of Annual expenditures	169%	150%	179%

Though some might consider this percentage high, it is necessary for the Parish Assessor to maintain a strong financial position in order to cover its cash flow needs and any unforeseen costs that might occur in the future. Note that the Parish Assessor is financing its operations on a "pay-as-you-go" system, which means currently there is no outstanding long-term debt (e.g., bonded debt) for capital purposes. In other words, all capital items are free and clear of debt.

BUDGETARY HIGHLIGHTS

The General Fund budget was not amended. In 2005, the Parish Assessor realized 104% of the revenue budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	<u>Governmental Activities</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Depreciable assets:			
Equipment, furniture and fixtures	183,580	183,580	181,825
Less accumulated depreciation	<u>118,057</u>	<u>109,371</u>	<u>100,033</u>
Book value-depreciable assets	<u>65,523</u>	<u>74,209</u>	<u>81,792</u>

The depreciable capital assets for governmental activities were 89% depreciated at the end of 2005, 82% depreciated at the end of 2004, and 75% depreciated at the end of 2003. The total percentage of depreciated capital assets is quite high, (i.e. approximately three-fourths of the value of these assets is used) which means that additional resources will be required to replace these capital assets in the future.

Long-term debt

At year-end, the Parish Assessor had no long-term debt outstanding. The Parish Assessor may issue general obligation debt to meet its capital needs but has elected to fund these needs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

ECONOMIC CONDITIONS AFFECTING THE PARISH ASSESSOR

Since the primary revenue stream for the Parish Assessor is property taxes, this type of tax is not subject to changes in the economy, in the short-term. However, in the long-term property tax revenues suffer if the economy does not maintain growth. Obviously, the "911" tragedy in New York has had a nationwide negative impact on most places in our country, including the State of Louisiana.

CONTACTING THE PARISH ASSESSOR'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Parish Assessor's finances, comply with finance-related laws and regulations, and demonstrate the Parish Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact Ms. Pam Jones, at the Lincoln Parish Assessor's Office, Post Office Box 1218, Ruston, Louisiana, 71273.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Statement of Net Assets - Government Activities
December 31, 2005

	<u>2005</u>
ASSETS	
Cash and interest-bearing deposits	564,377
Accounts Receivable (net)	541,642
Capital assets (net)	<u>65,523</u>
Total Assets	<u>1,171,542</u>
LIABILITIES	
Accounts Payable	124
Deferred Revenue	<u>104,299</u>
Total Liabilities	<u>104,423</u>
NET ASSETS	
Invested in Capital Assets	65,523
Unrestricted	<u>1,001,596</u>
Total Net Assets	<u>1,067,119</u>

See Auditors' Report. The accompanying notes are an integral part of the basic financial statements.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Statement of Activities
For the Year Ended December 31, 2005

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net (Expense) Revenues and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities: General Government	<u>602,174</u>	<u>22,953</u>	<u>(579,221)</u>

General revenues:

Taxes:

Property taxes, levied for general purposes	489,740
State revenue sharing	45,965
Interest and Investment Earnings	<u>18,270</u>
Total General Revenues	<u>553,975</u>

Change in Net Assets (25,246)

Net Assets - January 1, 2005 1,092,365

Net Assets - December 31, 2005 1,067,119

See Auditors' Report. The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Balance Sheet - Governmental Fund
December 31, 2005

ASSETS	2005
Cash and Interest bearing Deposits	564,377
Accounts Receivable (net)	<u>541,642</u>
Total Assets	<u>1,106,019</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	124
Deferred Revenue	<u>104,299</u>
Total Liabilities	<u>104,423</u>
Fund Balance	
Fund balance - unreserved, undesignated	1,001,596
Fund balance - reserved	<u>-</u>
Total Fund Balance	<u>1,001,596</u>
Total Liabilities and Fund Balance	<u>1,106,019</u>

See Auditors' Report. The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2005

	<u>2005</u>
Total fund balance for the Governmental Fund	1,001,596
Total net assets reported for Governmental activities in the Statement of Net Assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Equipment, furniture and fixtures, net of accumulated depreciation	<u>65,523</u>
Total Net Assets of Governmental Activities	<u>1,067,119</u>

See Auditors' Report. The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Fund
For the Year Ended December 31, 2005

	<u>2005</u>
Revenues	
Ad Valorem Taxes	489,740
State Revenue Sharing	45,965
Other Revenue - preparing tax rolls, etc.	22,953
Interest	<u>18,270</u>
Total Revenues	<u>576,928</u>
Expenditures	
Current -	
General Government:	
Intergovernmental	25,000
Personnel Services and Related Benefits	474,268
Operating Service	66,121
Materials and Supplies	13,397
Travel and Other Charges	<u>14,702</u>
Total Expenditures	<u>593,488</u>
Excess (deficiency) of Revenues over expenditures	(16,560)
Fund Balance - Beginning of Year	<u>1,018,156</u>
Fund Balance - End of Year	<u>1,001,596</u>

See Auditors' Report. The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2005

	<u>2005</u>
Total net changes in fund balance per Statement of Revenues, Expenditures, and Changes in Fund Balances	(16,560)
The change in net assets reported for Governmental Activities in the Statement of Activities is different because:	
Less: Depreciation expense for the year ended	(<u>8,686</u>)
Total Changes in Net Assets per Statement of Activities	(<u>25,246</u>)

See Auditors' Report. The accompanying notes are an integral part of these financial statements.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting policies of the Assessor conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, as well as any applicable requirements set forth by *Audits of State and Local Governments*, the industry audit guide issued by the American Institute of Certified Public Accountants; and the *Louisiana Governmental Audit Guide*.

The following is a summary of certain significant accounting policies:

A. Financial 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 the 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.

Because the Police Jury maintains and operates the parish courthouse in which the Assessor's office is located, the Assessor 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 Assessor and do not present information on the Police Jury, the general government services provided by the Police Jury, or the other governmental units that comprise the financial reporting entity.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Assessor's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients for goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting

The accounts of the Assessor are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Assessor maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, or revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The major fund of the Assessor is described below:

Governmental Fund -

General Fund

The General Fund is the general operating fund of the Assessor. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. The governmental fund utilizes a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The government-wide financial statement utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (where current on noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the government activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses,

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

E. Assets, Liabilities And Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Assessor.

Capital Assets

Capital Assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Assessor maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Furniture, fixtures and equipment	5-10 years
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See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

All employees receive from ten to fifteen days of noncumulative vacation leave each year, depending on length of service. Sick leave, which in noncumulative, is earned at the rate of five days each year and one day for every working year over three years, not to exceed fifteen days. There are no accumulated and vested benefits related to vacation and sick leave that require accrual or disclosure.

Equity Classifications

In the government-wide statements, 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 and regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
- 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."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

F. Revenues, Expenditures, And Expenses

Revenues

Ad valorem and the related state revenue sharing taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fees for preparing tax rolls are recorded in the year prepared. Interest income is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees for preparing tax rolls have been treated as susceptible to accrual.

The Lincoln Parish Assessor reports deferred revenue on its balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by character and function. In the fund financial statements, expenditures are classified by character.

G. Budgetary Practices

The proposed budget for the General Fund, prepared on the modified accrual basis of accounting, is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The budget is then legally adopted by the Assessor and amended during the year, as necessary. The budget is established and controlled by the Assessor at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the Assessor. Formal budgetary integration is employed as a management control device during the year. The budget was not amended for the fiscal year ended December 31, 2005.

H. Use of Estimates

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

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 2 - ACCOUNTS RECEIVABLE AND PRINCIPAL TAXPAYERS

Accounts Receivable is reported net of an allowance for uncollectible accounts of \$1,915.

As provided by Louisiana Revised Statute 47:1925, the assessor is authorized to levy an ad valorem tax in lieu of pro rata deductions from ad valorem taxing authorities. The authorized millage should be an amount necessary to provide no less ad valorem taxes than that received by the assessor in the initial year. The maximum allowable rate is 2.51 mills; the Lincoln Parish Assessor levied 2.51 mills for 2005 to provide funding for the office.

The following are the principal taxpayers for the parish and their 2005 assessed valuation:

	2005 Assessed Valuation	Percent of Total Assessed Valuation
Centerpoint Mississippi River	8,924,140	3.48%
LaClede Gas Co.	9,661,960	3.77%
Weyerhaeuser Co.	5,925,710	2.31%
Squire Creek Country Club	274,310	0.11%
Squire Creek Country Club & Golf	934,070	0.36%
BellSouth	4,508,050	1.76%
Centerpoint Energy Gas	4,552,000	1.78%
Saint-Gobain Containers	3,886,490	1.52%
Entergy Louisiana, Inc.	3,758,930	1.47%
Community Trust Bank	<u>3,547,030</u>	<u>1.38%</u>
Total	<u>45,972,690</u>	<u>17.94%</u>

NOTE 3 - CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Assessor 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. The Assessor may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2005 the Assessor has cash and interest-bearing deposits (book balances) as follows:

Demand Deposits	74,377
Time Deposits	<u>490,000</u>
	<u>564,377</u>

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 3 - CASH AND INTEREST-BEARING DEPOSITS (continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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. Deposit balances (bank balances) at December 31, 2005 are secured as follows:

Bank Balances	<u>584,031</u>
Federal deposit insurance	194,031
Pledged securities (Category 3)	<u>390,000</u>
 Total	 <u>584,031</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Assessor's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised State 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 Assessor that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2005 are as follows:

	<u>Balance</u> <u>1/01/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/05</u>
Capital Assets:				
Equipment, furniture and fixtures	183,580	-	-	183,580
Less accumulated depreciation:				
Equipment, furniture and fixtures	<u>109,371</u>	<u>8,686</u>	<u>-</u>	<u>118,057</u>
Net Capital Assets	<u>74,209</u>			<u>65,523</u>

Depreciation expense of \$8,686 was charged to the general government function.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 5 - PENSION PLAN

Substantially all employees of the Lincoln Parish Assessor's office are members of the Louisiana Assessor's Retirement System (system), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system provides retirement, death, and disability benefits to plan members and beneficiaries. Benefits are established by statute.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana Assessor's Retirement System, Post Office Box 14699, Baton Rouge, Louisiana 70898-4699 or by calling (318)425-4446.

Plan members are required by state statute to contribute a percentage of their annual covered salary and the Lincoln Parish Assessor is required to contribute at an actuarially determined rate. During the year ended December 31, 2005, the employee rate remained at 8%. The employer rate was 14.5% for January 2005 through September 2005. The employer rate was 14.0% for October 2005 through December 2005. Contributions to the system include .0025% of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Lincoln Parish Assessor are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The payroll covered by the plan and the Lincoln Parish Assessor's required contribution to the system are as follows:

Payroll Covered	341,160
Required Contribution	49,048

In the current year, the required contribution was funded 100%. The required contribution was also funded 100% in 2004 and 2003.

NOTE 6 - DEFERRED COMPENSATION PLAN

The Lincoln Parish Assessor offers its employees participation in the State of Louisiana Public Employees Deferred Compensation Plan adopted by the Louisiana Deferred Compensation Commission and established in accordance with Internal Revenue Code Section 457. The plan is reported as an agency fund in the State of Louisiana's financial statements. The plan, available to all Assessor's employees, permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or proof of hardship.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Notes to Financial Statements

NOTE 6 - DEFERRED COMPENSATION PLAN (continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the state of Louisiana (without being restricted to the provisions of benefits under the plan) subject only to the claims of the general creditors of the State of Louisiana. Participants' rights under the plan are equal to those of general creditors of the State of Louisiana in an amount equal to the fair market value of the deferred account for each participant.

NOTE 7 - POST EMPLOYMENT BENEFITS

The Lincoln Parish Assessor provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the assessor's employees become eligible for these benefits if they reach normal retirement age while working for the assessor. These benefits for retirees are provided through an insurance company whose monthly premiums are paid by the assessor.

The assessor recognizes the cost of providing these benefits as an expenditure when the monthly premiums are paid. The total amount of premiums paid for the two eligible retirees was \$12,305 for the year ended 2005. These premiums are financed on a "pay-as-you-go" basis.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Lincoln Parish Assessor entered into a cooperative endeavor agreement with the Lincoln Parish Police Jury, the City of Ruston, Lincoln Parish Clerk of Court, Lincoln Parish Fire District No. 1, Lincoln Parish Sheriff, and the Lincoln Parish Communication District No. 1 to create the Lincoln Parish Geographic Information System (GIS). GIS is governed by a board of fourteen commissioners, including the Lincoln Parish Assessor and one representative appointed by the Assessor. The Lincoln Parish Assessor agreed to a one year commitment to provide funds up to \$25,000 plus internet costs for the next year. The Assessor paid \$25,000 in 2005 to GIS.

The Lincoln Parish Assessor's office is located in the court house of Lincoln Parish. The Police Jury provides the office space for the Assessor's office. Minor repairs, electricity, water, and sewer fees are all paid by the Police Jury.

See Auditors' Report.

LINCOLN PARISH ASSESSOR
Ruston, Louisiana
Notes to Financial Statements

NOTE 9 - LEASE

The Lincoln Parish Assessor leases a vehicle under a three year cancelable operating lease agreement. The agreement dated December 2005, requires the Assessor to buy and maintain liability and physical damage insurance and to maintain and repair the vehicle to keep it in good working order and condition. The Assessor will make thirty-six monthly payments of \$401. At the end of the lease, the assessor may be required to pay an additional charge to lessor for excess wear and excess mileage. If the lease is terminated before the three year term has expired, a similar charge may be required.

Under an automobile operating lease agreement from 2002, the Assessor paid \$4,857 in lease payments and \$537 in excess mileage fees in the current year.

NOTE 10 - RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Assessor has obtained coverage from various commercial insurance companies to reduce the exposure to these risks.

See Auditors' Report.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

LINCOLN PARISH ASSESSOR
Ruston, Louisiana

Statement Of Revenues, Expenditures, And Changes In Fund Balance
Budget (Gaap Basis) And Actual - Governmental Fund Type
For The Year Ended December 31, 2005
(Unaudited)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Ad Valorem Taxes	461,000	489,740	28,740
State Revenue Sharing	44,000	45,965	1,965
Other Revenue - preparing tax rolls, etc.	33,200	22,953	(10,247)
Interest	<u>15,000</u>	<u>18,270</u>	<u>3,270</u>
Total Revenues	<u>553,200</u>	<u>576,928</u>	<u>23,728</u>
 Expenditures			
Current -			
General Government:			
Intergovernmental	25,000	25,000	-
Personnel Services and Related Benefits	473,980	474,268	(288)
Operating Service	72,650	66,121	6,529
Materials and Supplies	15,550	13,397	2,153
Travel and Other Charges	20,775	14,702	6,073
Capital Outlay	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>617,955</u>	<u>593,488</u>	<u>24,467</u>
 Excess (deficiency) of Revenues over expenditures	 (<u>64,755</u>)	 (16,560)	 <u>48,195</u>
 Fund Balance - Beginning of Year		 <u>1,018,156</u>	
 Fund Balance - End of Year		 <u>1,001,596</u>	

See Auditors' Report. The accompanying notes are an integral part of these statements.

Susan C. Cochran, CPA
A.C. Clark III, CPA
Reneé Robinson, CPA

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

Lincoln Parish Assessor
Ruston, LA 71273

We have audited the financial statements of the Lincoln Parish Assessor, a component unit of the Lincoln Parish Police Jury, as of and for the year ended December 31, 2005, and have issued our report thereon dated May 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lincoln Parish Assessor's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Lincoln Parish Assessor, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Cochran, Clark & Robinson

Cochran, Clark & Robinson

Rayville, LA
May 19, 2006

LINCOLN PARISH ASSESSOR
RUSTON, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2005

A. SUMMARY OF AUDIT RESULTS

1. The Auditors' report expresses an unqualified opinion on the financial statements of the Lincoln Parish Assessor.
2. No instances of noncompliance material to the financial statements of the Lincoln Parish Assessor were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None