

RELAY ADMINISTRATION BOARD

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 2,715,756
Adjustment to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:	
Depreciation	328
Realized Investment Gains	(3,129)
Unrealized Investment Losses	54,669
Changes in Current Assets and Liabilities:	
Accounts Receivable	62,058
Accrued Interest Receivable	(28,873)
Accounts Payable and Other Payables	<u>2,382</u>
Net Cash Provided by Operating Activities	<u>2,802,203</u>
CASH USED IN INVESTING ACTIVITIES	
Increase in Deposits	13091
Purchase of Certificates of Deposit	(3,592,353)
Sales and Redemptions of Certificates of Deposit	2,956,197
Purchase of Government Securities	(3,649,744)
Sales and Redemptions of Government Securities	358,000
Principal Collections on Collateralized Mortgage Obligations	18,788
Purchase of Property and Equipment	<u>(8,523)</u>
Net Cash Used in Investing Activities	<u>(4,025,229)</u>
NET DECREASE IN CASH	28,001
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>462,341</u>
CASH AND EQUIVALENTS, END OF YEAR	\$ <u>490,342</u>

The Accompanying Notes are an Integral Part of This Statement.

RELAY ADMINISTRATION BOARD

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 1994

REVENUES		
Telephone Access Fees	53,812,941	
Contract Reimbursements	380,080	
Dividend Income	288	
Interest Income	544,965	
Realized Gain on Investment Transactions	<u>3,129</u>	
TOTAL REVENUES		\$ 4,880,420
EXPENSES		
Salary Expenses	7,875	
Fuel/Toll Tax Expenses	2,186	
Bad Debt Expense	811,844	
Bank Charges	343	
Depreciation Expenses	220	
Insurance	1,120	
Interpretation Services	1,025	
Legal and Professional	10,879	
MAINT. DUES	650	
Office Expenses	807	
Furniture Expenses	683	
Mail Services	1,267,260	
RENT	883	
Fees and Licenses	55	
Telephone	426	
Travel and Conventions	4,348	
Unrealized Loss on Investment Transactions	<u>58,880</u>	
TOTAL EXPENSES		<u>2,244,887</u>
INCREASE IN NET ASSETS		2,635,533
NET ASSETS AT BEGINNING OF YEAR		<u>2,811,341</u>
NET ASSETS AT END OF YEAR		<u>\$ 5,446,874</u>

The Accompanying Notes are an Integral Part of This Statement.

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NEW JERSEY ADMINISTRATION BOARD
FINANCIAL STATEMENTS
DECEMBER 31, 1956

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Senate, the Governor, other and other appropriate public officials. The report is available for public inspection at the Eagan House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1996

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates - The preparation of financial statements in conformity with 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 expenses during the reporting period. Actual results could differ from these estimates.

Property and Equipment - Property and equipment are valued at historical cost. Depreciation is computed using the straight-line method over the assets' useful lives.

(B) INVESTMENTS

Investments are carried at their aggregate lower of cost or market value. Investments at December 31, 1996, are summarized as follows:

	<u>Cost</u>	<u>Value</u>	<u>Appreciation (Depreciation)</u>
Certificates of Deposit	\$ 7,466,711	\$ 7,636,413	\$ 169,702
Government Securities	3,716,382	3,318,801	497,581
Collateralized Mortgage Obligations	<u>118,853</u>	<u>110,312</u>	<u>8,541</u>
TOTAL	\$11,291,946	\$11,065,526	\$ 226,420

(C) ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 1996, consisted of the following:

Telephone Access Fees	\$ 323,779
Contract Reimbursements	<u>709,800</u>
Total Receivables	\$1,033,579

RELAY ADMINISTRATION BOARD
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 1986

ASSETS

CURRENT ASSETS

Cash and Interest Bearing Deposits		
Investments	\$ 442,318	
Accounts Receivable	10,266,346	
Accrued Interest Receivable	1,622,379	
	<u>218,383</u>	
Total Current Assets		\$12,369,043

PROPERTY AND EQUIPMENT

Furniture and Fixtures		3,189
Equipment		<u>3,738</u>
Total Property and Equipment		6,927
Less: Accumulated Depreciation		<u>(2,201)</u>
Net Property and Equipment		4,726

OTHER ASSETS

Deposits		<u>203</u>
TOTAL ASSETS		\$12,384,246

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 131,735	
Payroll Taxes Payable	<u>210</u>	
Total Current Liabilities		\$ 131,945

NET ASSETS - Unrestricted

12,252,301

TOTAL LIABILITIES AND NET ASSETS \$12,384,246

The Accompanying Notes are an Integral Part of This Statement.

This report is intended for the information of the Board of Directors of the Kelsey Administration Board, the State of Louisiana Department of Social Services and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, Bennett,
Dupuis & Hutchinson*

WRIGHT, MOORE, BENNETT,
DUPUIS & HUTCHINSON
Certified Public Accountants

April 3, 1969

RELAY ADMINISTRATION BOARD

**NOTICE TO FINANCIAL STATEMENTERS
DECEMBER 31, 1994**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Form of Operations - Relay Administration Board (RAB) is a non-profit organization created by the Louisiana Public Service Commission as provided by order Number U-17684-A pursuant to the telecommunications sections of the Americans with Disabilities Act of 1990 and other applicable regulations adopted by the Federal Communications Commission. The Board is comprised of five members who serve indefinite terms at the discretion of the Louisiana Public Service Commission. The RAB is charged with the responsibility of oversight of telephone relay services for the State of Louisiana, insuring equal access to telecommunications services for all hearing and speech impaired citizens, and acting as a liaison between the relay service provider and the Louisiana Public Service Commission.

Financial Statement Presentation - In 1994, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets as required. As of December 31, 1994, the Organization has only unrestricted net assets.

Cash and Cash Equivalents - For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Income Taxes - RAB is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Income determined to be unrelated business income is taxable. Also, in accordance with Section 6033 and Section 115 of the Internal Revenue Code, related purpose receipts are excludable from gross income for federal income tax purposes, therefore exempting RAB from the requirement of filing annual returns.

RELAY ADMINISTRATION BOARD

NOTES TO FINANCIAL STATEMENTS - continued
DECEMBER 31, 1996

(D) FUNDING SOURCES

The operations of RAB are funded as follows:

Telephone Access Fees - In conjunction with Act 860 of the 1988 Regular Legislative Session of the State of Louisiana and Order No. U-17656-B of the Louisiana Public Service Commission, RAB is authorized to collect eleven cents (11¢) per access line for each local exchange carrier to the extent such collection is required to fund the telephone relay services of the State of Louisiana.

Contract Reimbursements - RAB has a professional services contract with the State of Louisiana Department of Social Services (DSS) to provide telephone relay service throughout the State of Louisiana to facilitate telecommunications between individuals with a hearing or speech disability and other members of the community. Under this contract, RAB may be reimbursed by DSS for the cost of providing such services up to \$700,000 for the contract term of July 1, 1996, through June 30, 1997. Unreimbursed costs of \$701,000 through December 31, 1996, have been accrued as revenues.

(E) BAD DEBT

Due to an error by the State of Louisiana Department of Social Services, the 1995-1996 contract for cost reimbursement was not processed in a timely fashion and DSS was unable to fund the contract. As a result, \$811,644 accrued as DSS reimbursement revenue in 1996, has been written off as bad debt in 1996.

The 1996-1997 contract has been signed by RAB, sent to DSS and is awaiting a signature from DSS. Management anticipates no problems in getting the 1996-1997 contract signed and processed in a timely fashion.

(F) EMPLOYEE BENEFIT PLANS

In 1996, RAB hired one full time employee and adopted a 401(k)(7) retirement plan. The employee can make salary deferred contributions into the plan and RAB can make matching or discretionary contributions. For 1996, RAB only made one discretionary contribution into the plan in the amount of \$600.

(G) CASH PLAN DISCLOSURES

There were no payments for interest expense or income taxes during 1996.

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ADDITIONAL INFORMATION

The reports on Internal Control Structure and Compliance presented on the following pages are required by Government Auditing Standards promulgated by the United States Comptroller General and the Louisiana Governmental Audit Guide.

*Wright, Moore, Dehart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART
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April 3, 1997

WMDH

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AN UNQUALIFIED OPINION ON

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE RELATED MATTERS NOTED IN A FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Rajay Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Rajay Administration Board as of and for the year ended December 31, 1996, and have issued our report thereon dated April 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:613 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Rajay Administration Board for the year ended December 31, 1996, we considered its internal control structure 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 structure.

The Rajay Administration Board is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Cash and Investments
Revenues and Receivables
Procurements and Payables

For all of the control categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors of the Relay Administration Board, the State of Louisiana Department of Social Services, and the legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, Dehart,
Miffin & Hutchinson*

WRIGHT, MOORE, DEHART,
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Certified Public Accountants

April 3, 1997

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Relay Administration Board
Baton Rouge, Louisiana

We have audited the financial statements of Relay Administration Board as of and for the year ended December 31, 1998, and have issued our report thereon dated April 3, 1999.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Code. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Relay Administration Board is the responsibility of Relay Administration Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Relay Administration Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, Relay Administration Board complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Relay Administration Board had not complied, in all material respects, with those provisions.

WMDDH

RELAY ADMINISTRATION BOARD

DECEMBER 31, 1996

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