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LEGISLATIVE AUDITOR



1999 FINANCIAL STATEMENTS

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 ~~SEP 29 1999~~

OUR MISSION

**TO PROVIDE LEGISLATIVE OVERSIGHT RELATING TO THE USE OF
PUBLIC FUNDS WITHIN LOUISIANA'S STATE AND LOCAL GOVERNMENTS**

OUR OBJECTIVES

To provide the legislature and other public officials with accurate, relevant information for use in their decision-making process.

To provide quality audit services for state and local governments.

To evaluate the effectiveness, efficiency, and usefulness of state programs.

To project a positive public image.

To maintain a high degree of professionalism within the organization.

To provide a satisfying and rewarding place to work.

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA**

**Annual Financial Statements
As of and for the Year Ended June 30, 1999**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

August 30, 1999

Honorable Randy L. Ewing, President
of the Louisiana Senate
Honorable H. B. "Hunt" Downer, Jr., Speaker
of the Louisiana House of Representatives
Honorable J. "Tom" Schedler, Chairman
of the Legislative Audit Advisory Council

In accordance with Louisiana Revised Statute 24:514, the annual financial statements of the Legislative Auditor as of and for the year ended June 30, 1999, are submitted herewith. The objectives of these statements are to present our financial condition and results of operations in accordance with generally accepted accounting principles, as well as reflect compliance with the annual legislative appropriation for the General Appropriation Fund. I believe the accompanying financial statements to be accurate, in all material respects, and to accurately reflect the financial activities of my office as of and for the year ended June 30, 1999.

Annually, the Legislative Auditor is audited by a certified public accounting firm selected by the President of the Louisiana Senate and the Speaker of the Louisiana House of Representatives. Copies of those audits are available for public inspection within my office. The accompanying financial statements include the reports of our independent certified public accountants for the 1999 year.

My staff and I are available to respond to your inquiries and the needs of state and local governments.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK:GCA:dl

cc: Mr. Michael S. Baer III
Mr. A. W. Speer
Division of Administration

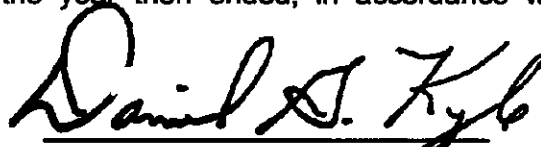
LEGISLATIVE AUDITOR

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**


**ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 1999**

AFFIDAVIT

Personally came and appeared before me, the undersigned authority, Daniel G. Kyle, Legislative Auditor, of the Office of Legislative Auditor, who being duly sworn, deposes and says that the statements herewith given are a true presentation of balances of the General Appropriation Fund and the Ancillary Enterprise Fund at June 30, 1999, and the results of transactions of such funds for the year then ended, in accordance with generally accepted accounting principles.


LEGISLATIVE AUDITOR
Post Office Box 94397
Baton Rouge, LA 70804-9397

Sworn to and subscribed before me, this the 30th day of August 1999.


NOTARY PUBLIC
PAULETTE P. JACKSON

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, June 30, 1999

	ACCOUNT GROUPS			TOTALS	
	GOVERNMENTAL	GENERAL	GENERAL	(MEMORANDUM ONLY)	
	FUND	FIXED	LONG-TERM	June 30, 1999	June 30, 1998
	GENERAL FUND	ASSETS	OBLIGATION		
ASSETS AND OTHER DEBIT					
Cash in bank	\$691,526			\$691,526	\$671,124
Cash in state treasury-means of financing	667,986			667,986	534,550
Accounts receivable:					
Accrued interest	2,779			2,779	2,008
Travel advances					691
Miscellaneous	25			25	267
Audit allocations and fees receivable:					
Billed, but uncollected, allocations and fees (net)	64,601			64,601	31,494
Earned fees, but unbilled	91,254			91,254	95,866
Prepaid expenses	132			132	45
Furniture, fixtures, and equipment		\$2,933,842		2,933,842	3,014,095
Other debit - amount to be provided for retirement of general long-term obligation			\$1,075,140	1,075,140	1,041,304
TOTAL ASSETS AND OTHER DEBIT	\$1,518,303	\$2,933,842	\$1,075,140	\$5,527,285	\$5,391,444
LIABILITIES, EQUITY, AND OTHER CREDIT					
Liabilities:					
Accounts payable	\$73,823			\$73,823	\$66,886
Accrued salaries and related benefits	752,434			752,434	546,384
Compensated absences			\$1,075,140	1,075,140	1,041,304
Total Liabilities	826,257		1,075,140	1,901,397	1,654,574
Equity and Other Credit:					
Investment in general fixed assets		\$2,933,842		2,933,842	3,014,095
Fund balances:					
Reserve for encumbrances	306,299			306,299	315,153
Fund balance, unreserved-undesignated	385,747			385,747	407,622
Total Equity and Other Credit	692,046	2,933,842		3,625,888	3,736,870
TOTAL LIABILITIES, EQUITY AND OTHER CREDIT	\$1,518,303	\$2,933,842	\$1,075,140	\$5,527,285	\$5,391,444

The accompanying notes are an integral part of this statement.

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
GOVERNMENTAL FUND
(ALL FUND TYPES)**

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 1999 and 1998**

	GENERAL FUND	
	For the Years Ended	
	June 30, 1999	June 30, 1998
REVENUES		
State General Fund Appropriation	\$6,167,398	\$5,969,623
Audit fees and allocations	6,617,246	5,921,054
Interest	23,324	21,378
Photocopies	8,689	2,301
Total Revenues	12,816,657	11,914,356
EXPENDITURES		
Personal services	11,083,095	10,357,721
Travel	512,133	515,803
Operating services	471,101	451,218
Supplies	55,399	67,027
Professional services	147,815	28,560
Capital outlay	577,843	656,705
Bad debts		2,411
Total Expenditures	12,847,386	12,079,445
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(30,729)	(165,089)
OTHER FINANCING USE	None	None
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USE	(30,729)	(165,089)
BEGINNING OF THE YEAR FUND BALANCE	722,775	887,864
END OF THE YEAR FUND BALANCE	\$692,046	\$722,775

The accompanying notes are an integral part of this statement.

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
GENERAL FUND**

**Statement of Revenues, Expenditures and
Encumbrances, and Changes in Fund Balance -
Budget (Legal Basis) and Actual
For the Year Ended June 30, 1999**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES APPROPRIATED BY LEGISLATURE			
State General Fund	\$6,167,398	\$6,167,398	
Audit fees and self-generated revenues	6,747,085	6,656,450	(\$90,635)
Prior year returns (1)		14,300	14,300
Total revenues	<u>12,914,483</u>	<u>12,838,148</u>	<u>(76,335)</u>
EXPENDITURES AND ENCUMBRANCES			
Personal services	11,121,638	11,022,484	99,154
Travel	484,675	477,516	7,159
Operating services	482,878	474,181	8,697
Supplies	67,064	62,568	4,496
Professional services	214,807	214,807	
Capital outlay	543,421	543,244	177
Total expenditures and encumbrances	<u>12,914,483</u>	<u>12,794,800</u>	<u>119,683</u>
EXCESS OF EXPENDITURES AND ENCUMBRANCES OVER REVENUES			
		43,348	43,348
FUND BALANCE BEGINNING OF YEAR			
	<u>722,775</u>	<u>811,701</u>	<u>88,926</u>
FUND BALANCE END OF YEAR			
	<u>\$722,775</u>	<u>\$855,049</u>	<u>\$132,274</u>
Reconciliation, Statement A			
Earned fees, but unbilled		91,254	
Current year encumbrances included in expenditures		306,299	
Accrued payroll not budgeted in current year		<u>(560,556)</u>	
Total Ending Fund Balance, Statement A		<u>\$692,046</u>	

(1) Budget includes fund balance carried over from prior years. It is not revenue of the current year, but is presented as revenue only for budgetary reporting purposes.

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS



LEGISLATIVE AUDITOR

LEGISLATIVE AUDITOR STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Legislative Auditor is a state audit organization for the State of Louisiana, within the legislative branch of state government. The Legislative Auditor is responsible for audits and examinations of the records and accounts of all public boards and commissions and any agency, department, or political subdivision of the state, as provided by Louisiana Revised Statutes 24:511-521. The Legislative Auditor is authorized by Article III, Section 11 of the Louisiana Constitution of 1974.

The Legislative Auditor has audit responsibility for some 3,500 units of state and local government and quasi-public corporations, some of which are audited by certified public accountants with oversight and monitoring provided by the Legislative Auditor. The auditor's main office is located in Baton Rouge, Louisiana, with area offices located in New Orleans and Shreveport. The Legislative Auditor employs 220 staff members, including auditors, data processing personnel, an actuary, an attorney, and various administrative personnel. The auditor's operations are funded through an annual lapsing legislative appropriation.

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards*. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Auditor) to be the State of Louisiana. The accompanying financial statements of the Legislative Auditor contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. The Legislative Auditor's General Fund contains two sub-funds, the General Appropriation Fund and Ancillary Enterprise Fund.

LEGISLATIVE AUDITOR

A. FUND ACCOUNTING

The Legislative Auditor uses fund accounting (separate sets of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The funds presented in the accompanying financial statements, and as described below, comprise the General Fund and account groups of the Legislative Auditor.

General Appropriation Fund

The General Appropriation Fund accounts for the appropriated operating revenues, transfers, and expenditures of the Legislative Auditor. All appropriated revenues are deposited into this fund from which operating expenditures are made.

Ancillary Fund

The Ancillary Fund (which has a legal name of Ancillary Enterprise Fund) was established to provide a source of working capital to the Legislative Auditor for audits in which the Legislative Auditor is authorized to charge audit fees for certain state and local audits. These fees are not billable until the end of the examination; therefore, the fund is used as a source of working capital during the audit until such time as the audit fees are billed or costs allocated, collected, and available to fund operations.

The Legislative Auditor is also authorized to allocate costs relating to state government to state agencies. Those allocated costs are accounted for within the Ancillary Fund. All miscellaneous revenues are also recorded in the Ancillary Fund. The annual appropriation act authorizes budgeted transfers from this fund to the General Appropriation Fund.

Account Groups

The account groups are a reporting device designed to provide accountability for certain long-term assets and liabilities that are not recorded in the funds because they do not directly affect net expendable, available financial resources.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements are prepared on a modified accrual basis of accounting.

LEGISLATIVE AUDITOR

Revenues

The state General Fund appropriation is recognized when appropriated. Audit fees are recognized when the audit fees are earned. Allocated state costs are recognized in the year allocated. Miscellaneous revenues are recognized when earned.

Transfers are recognized upon the actual transfer of funds.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Statement C is not intended to reflect operations of the Legislative Auditor in accordance with generally accepted accounting principles in that (1) salaries and related benefits are recognized when paid unless specific authorization is provided in the annual legislative appropriation and (2) encumbrances are recorded as an expenditure when purchase orders are issued. The statement is intended to compare the annual budget, which is not prepared in accordance with generally accepted accounting principles, with comparable expenditures and encumbrances for the period.

C. ESTIMATES

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

D. FIXED ASSETS

The accompanying statements reflect furniture, fixtures, and equipment used by the Legislative Auditor, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost in the General Fixed Asset Account Group. Fixed assets are not depreciated.

The accompanying statements do not include the value of land and buildings provided without cost to the Legislative Auditor by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

LEGISLATIVE AUDITOR

E. BUDGETARY PRACTICES

The legislative appropriation made for the general operations of the office is an annual, lapsing appropriation. Amounts not expended or encumbered at September 1, 1999, revert to the General Fund of the State of Louisiana or to the Ancillary Fund. Amendments to the budget must be approved by the Legislative Budgetary Control Council and/or the Legislative Audit Advisory Council.

Transfers from the Ancillary Fund are limited by the legislative appropriation and any amendment that would increase the amount of the authorized transfer must be approved by the Legislative Budgetary Control Council and/or the Legislative Audit Advisory Council. Transfers between the expenditure classification on Statement C may be authorized by the Legislative Auditor.

In addition to the amount appropriated for general operations of the Legislative Auditor reflected on Statement C, the legislature appropriated \$350,000 to the Legislative Auditor for the 1998-99 budget year to establish, if needed, working capital for the Ancillary Fund. The appropriation was not drawn by the Legislative Auditor and is not reflected as a revenue (or budgeted revenue) on Statements B or C in that the Legislative Auditor has not historically drawn such amount to fund operations.

F. ENCUMBRANCES

Encumbrance accounting is used for the General Appropriation Fund. Encumbrances are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated. Encumbrances are an allowable charge against the current-year appropriation and are reflected on Statement C.

G. LEAVE BENEFITS

Accumulated unpaid annual, sick, and compensatory leave are reported in the General Long-Term Obligation Account Group within the accompanying financial statements. The office's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the office's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1999, annual leave of up to 300 hours, for

LEGISLATIVE AUDITOR

which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, total \$1,075,140.

The following are the changes in compensated absences (and general long-term obligations) during the year:

Balance July 1, 1998	Net Change	Balance June 30, 1999
\$1,041,304	\$33,836	\$1,075,140

H. POSTRETIREMENT BENEFITS

The Legislative Auditor provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees become eligible for these benefits if they reach normal retirement age while working for the Legislative Auditor. These benefits for retirees and similar benefits for active employees are provided through the state's Group Benefits Program, whose monthly premiums are paid jointly by the employee and the Legislative Auditor. The Legislative Auditor recognizes the cost of providing these benefits as an expenditure in the year paid. For the year ended June 30, 1999, the employer's cost of retiree benefits totaled \$184,779 for 71 retirees and their spouses, funded through the legislative appropriation. Retirees pay one-half their health benefits.

I. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position. Neither is such data comparable to a consolidation.

2. RETIREMENT SYSTEM

Plan Description Substantially all employees of the Legislative Auditor are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600.

LEGISLATIVE AUDITOR

Funding Policy Plan members of the Legislative Auditor are required by state statute to contribute 7.5 percent of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employer rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, 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 employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Legislative Auditor's employer contributions to LASERS for the years ending June 30, 1999, 1998, and 1997, were \$1,099,354, \$1,080,739, and \$995,823, respectively, and were equal to the required contributions for each year.

3. RECEIVABLES

Billed, but uncollected, audit allocations and fees are reflected net of an allowance for uncollectibles on the balance sheet. Gross allocations and fees, net of uncollectibles, were \$64,601.

4. ANCILLARY FUND BALANCE

Under the provisions of the annual appropriation act, the Louisiana Legislature established the Ancillary Fund as a working capital reserve. The year-end balance within the fund is available to fund future year expenditures of the office to the extent appropriated each year by the legislature.

5. FURNITURE, FIXTURES, AND EQUIPMENT

At June 30, 1999, the Legislative Auditor has an inventory totaling \$2,933,842, as summarized below.

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Movable property	\$3,014,095	\$254,756	\$335,009	\$2,933,842

The Legislative Auditor has fully complied with the provisions of Louisiana Revised Statute Title 39 as it relates to movable property.

6. LEASE AGREEMENTS

The Legislative Auditor has operating lease agreements for office space in New Orleans and Shreveport. These leases extend through August 31, 2001. These lease agreements have non-appropriation exculpatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period. Rental and lease expenditures for the year totaled \$52,062.

LEGISLATIVE AUDITOR

7. CASH IN BANK AND STATE TREASURY

The Legislative Auditor maintains cash accounts (book balances) as follows:

<u>Bank</u>	<u>Fund</u>	<u>Balance</u>
BANK ONE	General	\$691,526
BANK ONE	Payroll Account	None

In addition, the Legislative Auditor maintains accounts with the Louisiana Department of Treasury.

Under state law, the Legislative Auditor may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. These public deposits 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 pledged securities are held in the name of the pledging fiscal agent bank (Category 3) in a holding or custodial bank with safekeeping receipts held by the state treasurer. The bank deposits at June 30, 1999, are secured as follows:

	(Collected) Bank Balance	FDIC Insurance	Pledged Securities
Account balances	\$787,633	\$100,000	\$1,508,646

Deposits held in the state treasury are secured under similar arrangements by the state treasurer.

8. LITIGATION, CLAIMS, AND SIMILAR CONTINGENCIES

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 1999, the Legislative Auditor is involved in various lawsuits relating to his function as the state auditor. In the opinion of legal counsel, resolution of the litigation would not result in substantial liability to the Legislative Auditor (or State of Louisiana) and, accordingly, is not recorded in the accompanying financial statements.

9. PROFESSIONAL SERVICES

Professional services, reported on Statement B, include the following professional fees:

NASACT	Peer Review	\$16,126
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LEGISLATIVE AUDITOR

IBM	Data Migration	2,400
Cherbonnier	Programming	13,680
CD Group	Software Implementation	88,514
Solution One	Data Conversion	27,095

10. RISK MANAGEMENT

The Office of Legislative Auditor 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. These risks are insured through a state risk pool, Office of Risk Management (ORM). The Office of Risk Management operates similar to a commercial insurance company. Premiums are assessed state agencies annually, based on past experience of claims. ORM services all claims for risk of loss to which the office is exposed and cannot assess additional amounts if losses exceed their premiums (the covered risks are transferred to the Office of Risk Management).

11. OTHER COSTS

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the main office in Baton Rouge, all of which are not included in the accompanying financial statements.

12. ALLOCATION AND FEES

State law allows the Legislative Auditor to allocate accounting, audit and other costs associated with state government, and to bill for certain audits. The legislative appropriation for 1998-99 authorized the Legislative Auditor to use such revenues within operations of the office up to \$6,747,085.

Schedules



**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
GENERAL FUND
(ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)**

Balance Sheet, June 30, 1999

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	TOTAL GENERAL FUND
ASSETS			
Cash in bank	\$691,526		\$691,526
Cash in state treasury-means of financing		\$667,986	667,986
Accounts receivable:			
Accrued interest		2,779	2,779
Miscellaneous	25		25
Audit allocations and fees receivable:			
Billed, but uncollected, allocations and fees (net)		64,601	64,601
Earned fees, but unbilled		91,254	91,254
Prepaid expenses	132		132
TOTAL ASSETS	\$691,683	\$826,620	\$1,518,303
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$73,823		\$73,823
Accrued salaries and related benefits	752,434		752,434
Total Liabilities	826,257		826,257
Fund balances:			
Reserved for encumbrances	306,299		306,299
Fund balance (deficit)	(440,873)	\$826,620	385,747
Total Fund Balances	(134,574)	826,620	692,046
TOTAL LIABILITIES AND FUND BALANCES	\$691,683	\$826,620	\$1,518,303

The accompanying notes are an integral part of this schedule.

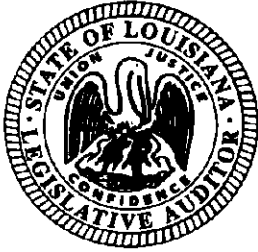
**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
GENERAL FUND
(ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)**

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended June 30, 1999**

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	TOTAL GENERAL FUND
REVENUES			
State General Fund appropriation	\$6,167,398		\$6,167,398
Audit fees and allocations		\$6,617,246	6,617,246
Interest		23,324	23,324
Photocopies		8,689	8,689
Total revenues	<u>6,167,398</u>	<u>6,649,259</u>	<u>12,816,657</u>
EXPENDITURES			
Personal services	11,083,095		11,083,095
Travel	512,133		512,133
Operating services	471,101		471,101
Supplies	55,399		55,399
Professional services	147,815		147,815
Capital outlay	577,843		577,843
Total expenditures	<u>12,847,386</u>		<u>12,847,386</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(6,679,988)</u>	<u>6,649,259</u>	<u>(30,729)</u>
OTHER FINANCING SOURCE AND USES			
Transfer to Ancillary Fund	(260,528)	260,528	
Transfer from Ancillary Fund	6,747,085	(6,747,085)	
Total other financing source and uses	<u>6,486,557</u>	<u>(6,486,557)</u>	
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCE OVER EXPENDITURES AND OTHER USE	<u>(193,431)</u>	<u>162,702</u>	<u>(30,729)</u>
BEGINNING OF THE YEAR FUND BALANCE	<u>58,857</u>	<u>663,918</u>	<u>722,775</u>
END OF THE YEAR FUND BALANCE (Deficit)	<u>(\$134,574)</u>	<u>\$826,620</u>	<u>\$692,046</u>

The accompanying notes are an integral part of this schedule.

Required Supplemental Information



YEAR 2000 COMPUTING

(Required Supplemental Information)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the office's operations as early as fiscal year 1999.

The Legislative Auditor has completed an inventory of critical computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the office's operations. These computer systems were identified as financial management, audit management, and project tracking. The audit management and project tracking systems have been assessed, remediated, and tested and validated. The financial management system is being replaced with a integrated financial management system that is Year 2000 compliant. Replacement of the financial management system will be completed by September 30, 1999. At June 30, 1999, the Legislative Auditor has commitments of \$94, 086 related to the replacement of the financial management system.

Because of the unprecedented nature of the Year 2000 issue, its effects and success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Legislative Auditor is or will be Year 2000 ready, that the office's remediation efforts will be successful in whole or in part, or that parties with whom the office does business will be year 2000 ready.

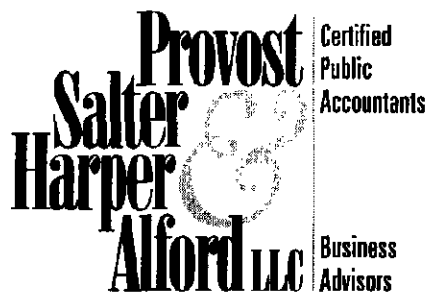
Independent Auditor's Reports



**LEGISLATIVE AUDITOR
STATE OF LOUISIANA**

FINANCIAL REPORT

June 30, 1999



8550 United Plaza Boulevard, Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Auditor, State of Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Legislative Auditor's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, the financial statements of the Legislative Auditor, State of Louisiana, are intended to present the financial position and the results of operations of only that portion of the financial reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Legislative Auditor, State of Louisiana, as of June 30, 1999, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

The Year 2000 Computing supplementary information on page 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Legislative Auditor, State of Louisiana is or will become year 2000 compliant, that the Legislative Auditor, State of Louisiana's year 2000 remediation efforts

will be successful in whole or in part, or that parties with which the Legislative Auditor, State of Louisiana does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 26, 1999 on our consideration of the Legislative Auditor, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules on pages 14 and 15 are presented for the purposes of additional analysis and are not a required part of the financial statements of the Legislative Auditor, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The financial statements for the year ended June 30, 1998 were audited by us, and we expressed an unqualified opinion on them in our report dated September 30, 1998.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 26, 1999

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

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Auditor, State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 26, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Compliance.

As part of obtaining reasonable assurance about whether the Legislative Auditor, State of Louisiana'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*.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the Legislative Auditor, State of Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Legislative Auditor, State of Louisiana, management, the Legislative Budgetary Control Council and the Legislative Audit Advisory Council, and is not intended to be and should not be used by anyone other than these specified parties.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 26, 1999

OUR MISSION

**TO PROVIDE LEGISLATIVE OVERSIGHT RELATING TO THE USE OF
PUBLIC FUNDS WITHIN LOUISIANA'S STATE AND LOCAL GOVERNMENTS**

OUR OBJECTIVES

To provide the legislature and other public officials with accurate, relevant information for use in their decision-making process.

To provide quality audit services for state and local governments.

To evaluate the effectiveness, efficiency, and usefulness of state programs.

To project a positive public image.

To maintain a high degree of professionalism within the organization.

To provide a satisfying and rewarding place to work.

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA**

**Annual Financial Statements
As of and for the Year Ended June 30, 1999**

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OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (225) 339-3800
FACSIMILE: (225) 339-3870

August 30, 1999

Honorable Randy L. Ewing, President
of the Louisiana Senate
Honorable H. B. "Hunt" Downer, Jr., Speaker
of the Louisiana House of Representatives
Honorable J. "Tom" Schedler, Chairman
of the Legislative Audit Advisory Council

In accordance with Louisiana Revised Statute 24:514, the annual financial statements of the Legislative Auditor as of and for the year ended June 30, 1999, are submitted herewith. The objectives of these statements are to present our financial condition and results of operations in accordance with generally accepted accounting principles, as well as reflect compliance with the annual legislative appropriation for the General Appropriation Fund. I believe the accompanying financial statements to be accurate, in all material respects, and to accurately reflect the financial activities of my office as of and for the year ended June 30, 1999.

Annually, the Legislative Auditor is audited by a certified public accounting firm selected by the President of the Louisiana Senate and the Speaker of the Louisiana House of Representatives. Copies of those audits are available for public inspection within my office. The accompanying financial statements include the reports of our independent certified public accountants for the 1999 year.

My staff and I are available to respond to your inquiries and the needs of state and local governments.

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

DGK:GCA:dl

cc: Mr. Michael S. Baer III
Mr. A. W. Speer
Division of Administration

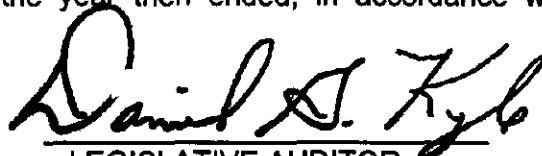
LEGISLATIVE AUDITOR

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**

ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 1999

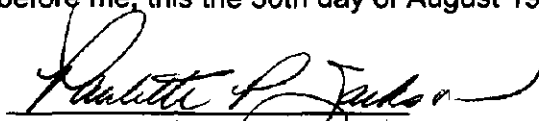
AFFIDAVIT

Personally came and appeared before me, the undersigned authority, Daniel G. Kyle, Legislative Auditor, of the Office of Legislative Auditor, who being duly sworn, deposes and says that the statements herewith given are a true presentation of balances of the General Appropriation Fund and the Ancillary Enterprise Fund at June 30, 1999, and the results of transactions of such funds for the year then ended, in accordance with generally accepted accounting principles.



LEGISLATIVE AUDITOR
Post Office Box 94397
Baton Rouge, LA 70804-9397

Sworn to and subscribed before me, this the 30th day of August 1999.



NOTARY PUBLIC
PARLETTE P. JACKSON

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, June 30, 1999

	ACCOUNT GROUPS			TOTALS	
	GOVERNMENTAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATION	(MEMORANDUM ONLY)	
	GENERAL FUND			June 30, 1999	June 30, 1998
ASSETS AND OTHER DEBIT					
Cash in bank	\$691,526			\$691,526	\$671,124
Cash in state treasury-means of financing	667,986			667,986	534,550
Accounts receivable:					
Accrued interest	2,779			2,779	2,008
Travel advances					691
Miscellaneous	25			25	267
Audit allocations and fees receivable:					
Billed, but uncollected, allocations and fees (net)	64,601			64,601	31,494
Earned fees, but unbilled	91,254			91,254	95,866
Prepaid expenses	132			132	45
Furniture, fixtures, and equipment		\$2,933,842		2,933,842	3,014,095
Other debit - amount to be provided for retirement of general long-term obligation			\$1,075,140	1,075,140	1,041,304
TOTAL ASSETS AND OTHER DEBIT	\$1,518,303	\$2,933,842	\$1,075,140	\$5,527,285	\$5,391,444
LIABILITIES, EQUITY, AND OTHER CREDIT					
Liabilities:					
Accounts payable	\$73,823			\$73,823	\$66,886
Accrued salaries and related benefits	752,434			752,434	546,384
Compensated absences			\$1,075,140	1,075,140	1,041,304
Total Liabilities	826,257		1,075,140	1,901,397	1,654,574
Equity and Other Credit:					
Investment in general fixed assets		\$2,933,842		2,933,842	3,014,095
Fund balances:					
Reserve for encumbrances	306,299			306,299	315,153
Fund balance, unreserved-undesignated	385,747			385,747	407,622
Total Equity and Other Credit	692,046	2,933,842		3,625,888	3,736,870
TOTAL LIABILITIES, EQUITY AND OTHER CREDIT	\$1,518,303	\$2,933,842	\$1,075,140	\$5,527,285	\$5,391,444

The accompanying notes are an integral part of this statement.

**LEGISLATIVE AUDITOR
STATE OF LOUISIANA
GOVERNMENTAL FUND
(ALL FUND TYPES)**

**Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Years Ended June 30, 1999 and 1998**

	GENERAL FUND	
	For the Years Ended	
	June 30, 1999	June 30, 1998
REVENUES		
State General Fund Appropriation	\$6,167,398	\$5,969,623
Audit fees and allocations	6,617,246	5,921,054
Interest	23,324	21,378
Photocopies	8,689	2,301
Total Revenues	<u>12,816,657</u>	<u>11,914,356</u>
EXPENDITURES		
Personal services	11,083,095	10,357,721
Travel	512,133	515,803
Operating services	471,101	451,218
Supplies	55,399	67,027
Professional services	147,815	28,560
Capital outlay	577,843	656,705
Bad debts		2,411
Total Expenditures	<u>12,847,386</u>	<u>12,079,445</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(30,729)	(165,089)
OTHER FINANCING USE	None	None
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USE	(30,729)	(165,089)
BEGINNING OF THE YEAR FUND BALANCE	<u>722,775</u>	<u>887,864</u>
END OF THE YEAR FUND BALANCE	<u>\$692,046</u>	<u>\$722,775</u>

The accompanying notes are an integral part of this statement.