

OFFICE OF THE  
COMPTROLLER OF PUBLIC ACCOUNTS  
STATE OF LOUISIANA  
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**LEGISLATIVE FISCAL OFFICE  
STATE OF LOUISIANA**

**FINANCIAL REPORT**

**June 30, 1998**

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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 06/28/99



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## LEGISLATIVE FISCAL OFFICE

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*June 30, 1998*

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## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Hardy Ewing, Co-Chair  
Honorable Huntington H. Downer, Jr., Co-Chair  
Legislative Budgetary Control Council  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Legislative Fiscal Office'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, the financial statements of the Legislative Fiscal Office, State of Louisiana, are intended to present the financial position and 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 Fiscal Office, State of Louisiana, as of June 30, 1998, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 23, 1998 on our consideration of the Legislative Fiscal Office, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

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

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

July 23, 1998

**LEGISLATIVE FISCAL OFFICE**

*Consolidated Balance Sheet - Fund Type and Account Groups*

*June 30, 1998*

ASSETS AND OTHER DEBIT	Governmental Fund Type General	Account Groups		Totals (Memorandum Only)
		General Fund Assets	General Long-Term Obligation	
<b>Assets</b>				
Cash in bank	\$ 62,890	\$ -	\$ -	\$ 62,890
Furniture, fixtures and equipment (Other debt)	-	188,939	-	188,939
Amount to be provided for compensated absences	-	-	91,236	91,236
<b>Total Assets and Other Debit</b>	<b>\$ 62,890</b>	<b>\$ 188,939</b>	<b>\$ 91,236</b>	<b>\$ 343,065</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDIT</b>				
<b>Liabilities</b>				
Accounts payable	\$ 58,648	\$ -	\$ -	\$ 58,648
Due to state treasury	4,242	-	-	4,242
Compensated absences	-	-	91,236	91,236
<b>Total liabilities</b>	<b>62,890</b>	<b>-</b>	<b>91,236</b>	<b>154,126</b>
<b>Fund Equity and Other Credit</b>				
Investment in general fund assets	-	188,939	-	188,939
Fund balance	-	-	-	-
<b>Total fund equity and other credit</b>	<b>-</b>	<b>188,939</b>	<b>-</b>	<b>188,939</b>
<b>Total Liabilities, Fund Equity and Other Credit</b>	<b>\$ 62,890</b>	<b>\$ 188,939</b>	<b>\$ 91,236</b>	<b>\$ 343,065</b>

**LEGISLATIVE FISCAL OFFICE**

*Statement of Revenues, Expenditures and  
Changes in Fund Balance  
Governmental Fund Type - General Fund*

*Year Ended June 30, 1998*

<b>Revenues</b>	
State appropriations	<u>\$ 1,260,297</u>
<b>Expenditures</b>	
Personal services	1,036,961
Travel	13,523
Operating services	52,141
Supplies	6,469
Capital outlay	<u>32,481</u>
Total expenditures	<u>1,231,965</u>
<b>Excess of Revenues Over Expenditures</b>	<b>28,332</b>
<b>Other Financing Use</b>	
Transfer to State Treasury, general fund	<u>(28,342)</u>
<b>Excess of Revenues Over Expenditures And Other Financing Use</b>	<b>-</b>
<b>Fund Deficit</b>	
Beginning	<u>-</u>
Ending	<u>\$ -</u>

**LEGISLATIVE FISCAL OFFICE**

*Statement of Revenues, Expenditures and Changes in Fund Balance* *Year Ended June 30, 1988*

*Budget (Legal Basis) and Actual - General Fund*

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
State appropriations	\$ 1,260,287	\$ 1,260,287	\$ -
<b>Expenditures</b>			
Personal services	1,127,208	1,100,053	(27,155)
Travel	29,008	11,922	17,078
Operating services	44,508	52,141	(7,633)
Supplies	11,008	5,489	5,519
Capital outlay	48,507	22,481	26,026
<b>Total expenditures</b>	<b>1,268,239</b>	<b>1,211,965</b>	<b>56,274</b>
<b>Excess of Revenues Over Expenditures</b>	<b>-</b>	<b>28,242</b>	<b>28,242</b>
<b>Other Financing Use</b>			
Transfer to State Treasury, general fund	-	(28,242)	(28,242)
<b>Excess of Revenues Over Expenditures and Other Financing Use</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>			
Beginning	-	-	-
Ending	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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## LEGISLATIVE FISCAL OFFICE

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Notes to Financial Statements

June 30, 1988

### 1. Summary of Significant Accounting Policies

The Legislative Fiscal Office, created by Title 24, Chapters 681 through 695 of the Louisiana Revised Statutes provides research and technical assistance concerning fiscal matters for the Legislative branch of government.

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.

**Financial Reporting Entity.** Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Fiscal Office) to be the State of Louisiana. The accompanying financial statements of the Legislative Fiscal Office contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues financial statements, which include the activity contained in the accompanying financial statements.

**Fund Accounting.** The Legislative Fiscal Office 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 fund and account groups presented in the accompanying financial statements, and as described below, comprise the General Fund and account groups of the Legislative Fiscal Office.

#### Governmental Fund Type:

**General Fund.** The General Fund is used to account for all of the Legislative Fiscal Office's general activities, including the acquisition of general fixed assets and the servicing of general long term debt. It is used to account for all activities of the Fiscal Office.

**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.

**Basis of Accounting.** Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied.

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## LEGISLATIVE FISCAL OFFICE

Notes to Financial Statements, Continued

June 30, 1998

**Revenues.** The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available. The revenues susceptible to offset are state appropriations.

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

**Fixed Assets.** The accompanying statements reflect furniture, fixtures and equipment used by the Legislative Fiscal Office and funded by the legislative appropriation, in daily operations. These assets are recorded at cost in the General Fund 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 Fiscal Office by the State of Louisiana. These assets are recorded with the annual financial statements of the State of Louisiana.

**Budgetary Process.** The Legislative Fiscal Office is required to submit to the Legislative Budgetary Control Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Legislative Fiscal Office is authorized to transfer budget amounts between accounts in the General Fund. Revisions which alter total appropriations must be approved by the Legislature. This level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end and require that all unexpended funds must be returned to the State General Fund.

**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 160 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 annual 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, 1998, the combined total of annual leave and compensatory leave of up to 380 hours, for which employees could be paid upon resignation or retirement, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C69.105, total \$91,238.



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## LEGISLATIVE FISCAL OFFICE

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Notes to Financial Statements, Continued

June 30, 1988

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

Balance, July 1, 1987	Net Change	Balance, June 30, 1988
\$ 186,394	\$ 15,158	\$ 201,552

**Total Column on Balance Sheet.** The total column on the balance sheet overview is captioned "Management Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

### 2. Retirement System

**Plan Description.** Substantially, all employees of the Legislative Fiscal Office participate in 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 40215, Baton Rouge, Louisiana, 70804-0215, or by calling (225) 922-8600.

**Funding Policy.** Plan members of the Legislative Fiscal Office are required by state statute to contribute 7.1% of their annual covered salary and the Fiscal Office (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 13% of annual covered payroll. The contribution requirements of plan members and the employee are established by, and 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 contributions is funded by the State of Louisiana through the annual legislative appropriation. The Fiscal Office's employer contributions to LASERS for the years ending June 30, which were equal to the required contributions for each year, were as follows:

June 30,	
1988	\$ 138,531
1987	212,983
1986	166,182

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**LEGISLATIVE FISCAL OFFICE**

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*Note to Financial Statements, Continued**June 30, 1998***3. Furniture, Fixtures and Equipment**

At June 30, 1998, the Legislative Fiscal Office had an inventory totaling \$187,741 of furniture, fixtures and equipment or movable property. The following summarizes transactions during the year:

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Furniture, fixtures and equipment:	\$ 188,804	\$ 6,310	\$ 6,876	\$ 188,238

**4. Cash In Bank**

Under State law, the Legislative Fiscal Office may deposit funds in an approved bank located in the state. 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. The bank deposits at June 30, 1998 are as follows:

	Carrying Balance	Bank Balance	FDC Insurance
Cash in bank:	\$ 62,286	\$ 80,787	\$ 160,000

**5. 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.

**6. Deferred Compensation Plan**

The state offers its employees a deferred compensation plan created in accordance with Internal Revenue Code § 457. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

It is the opinion of legal counsel that the state has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary, prudent investor, holding these assets in a fiduciary capacity. Amounts relating to the Louisiana Public Employees Deferred Plan, which would include participation by certain employees of the Legislative Fiscal Office, State of Louisiana, are included within the financial statements of the State of Louisiana.

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## LEGISLATIVE FISCAL OFFICE

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Notes to Financial Statements, Continued

June 30, 1998

### 7. Other Costs

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



Initial  
Audit  
Accounts

Initial  
Audit  
Accounts

**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**

Honorable Randy Dving, Co-Chair  
Honorable Huntington B. Downer, Jr., Co-Chair  
Legislative Budgetary Control Council, State of Louisiana  
Baton Rouge, Louisiana

We have audited the financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report (captioned dated July 28, 1998). 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 Fiscal Office, 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 these 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 Fiscal Office, 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 for the information of management, the Legislative Auditor and the Legislative Budgetary Control Council. However, this report is a matter of public record and its distribution is not limited.

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

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

*July 28, 1998*

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## LEGISLATIVE FISCAL OFFICE

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*Independent Auditor's Comments on Resolution  
of Prior Audit Findings*

*Fiscal Year Ended June 30, 1998*

There were no prior year audit findings for which the Legislative Fiscal Office has not implemented the corrective action recommended.