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 STATE OF LOUISIANA  
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DANIEL G. KYLS, PRES., CPA, CFE  
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May 8, 1987

Independent Auditor's Report on Compliance With Laws and  
 Regulations Material to the General Purpose Financial Statement

LOUISIANA PUBLIC EMPLOYEES  
 DEFERRED COMPENSATION COMMISSION  
 LOUISIANA PUBLIC EMPLOYEES  
 DEFERRED COMPENSATION PLAN  
 STATE OF LOUISIANA  
 Baton Rouge, Louisiana

We have audited the general purpose financial statement of the Louisiana Public Employees Deferred Compensation Plan, a component unit of the State of Louisiana, as of December 31, 1986, and have issued our report thereon dated May 8, 1987, except for note 14, as to which the date is July 2, 1987.

We conducted our audit in accordance with generally accepted auditing standards and 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 statement is free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Louisiana Public Employees Deferred Compensation Plan is the responsibility of the plan's management. As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we performed tests of the plan's compliance with certain provisions of laws, regulations, and contracts. However, the objective of our audit of the financial statement 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 disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information and use of the plan and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kyles, CPA, CFE  
 Legislative Auditor

WDG:THD:dl  
 05/10/87

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA**

Notes to the Financial Statement (Continued)

**9. RELATED PARTY TRANSACTIONS**

In addition to acting in the capacity of plan administrator of the Louisiana Public Employees Deferred Compensation Plan, Great-West Life Assurance Company, through its wholly-owned subsidiary, Great-West Life and Annuity Insurance Company, offers fixed annuity and mutual fund products to plan participants. At December 31, 1996, investments in these products represent 68.3 percent of total plan assets. Of this figure, 65.1 percent represents monies held in separate asset accounts, which are not subject to the general creditors of Great-West Life & Annuity Insurance Company.

**10. GOVERNMENT GUARANTEED FUND IV DISTRIBUTIONS**

At December 31, 1996, the participant account balances in the Government Securities Fund and the Great-West Guaranteed Fund, which comprise the Government Guaranteed Fund IV, total \$51,516,613. The fair market value of the net assets of the Government Guaranteed Fund IV as of December 31, 1996, is \$51,045,333. The difference of \$471,280 between the participant account balances and the net assets value is guaranteed by an insurance wrapper through Great-West Life and Annuity Insurance Company. The insurance wrapper guarantees that each Government Securities Fund and Great-West Guaranteed Fund participant will receive the full book value of their account upon transfer and/or distribution from the plan. Participant distributions are based on the amount of their account balance, whereas distributions as a result of termination of the group annuity contract are based on net assets attributable to the contract and can be made to the plan through (1) transfer of the underlying securities and any remaining cash balance or (2) transfer of the cash balance after sale of the fund's securities.

**11. LITIGATION**

There is no pending litigation at December 31, 1996.

**12. COMMISSION ACTIVITY ACCOUNT**

The Louisiana Public Employees Deferred Compensation Commission maintains a commission activity account to fund the expenses of the commission and to pay administrator fees. Balances of this account are included within the agency fund balances shown on Statement A. The following represents a summary of additions and deductions to the commission activity account balances during the year ended December 31, 1996:

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA**

Notes to the Financial Statement  
As of December 31, 1985

**INTRODUCTION**

As required by Louisiana Revised Statutes (R.S.) 42:1201-1206, the Louisiana Public Employees Deferred Compensation Plan is supervised by the Louisiana Public Employees Deferred Compensation Commission, a political subdivision of the State of Louisiana within the executive branch of government. The commission is composed of seven board members who serve without compensation. The plan was established to allow employees of the state to voluntarily elect to contribute, through payroll deductions, a portion of their compensation into the plan for the purpose of deferring the payment of federal and state income taxes on the contributions until such time as they are withdrawn by the employees. At December 31, 1985, there are approximately 10,400 participants in the plan.

On August 20, 1985, the commission selected Great-West Life & Annuity Insurance Company as the plan administrator for a term of three years beginning on January 1, 1987, and had extended the contract through December 31, 1985. On June 19, 1985, the commission selected, through a bid process, Great-West Life & Annuity Insurance Company as the plan administrator for a term of three years beginning on January 1, 1986. The commission has no employees.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statement has been prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Louisiana Public Employees Deferred Compensation Plan is considered a component unit (agency fund) of the State of Louisiana because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) four of seven board members are elected or appointed officials from the executive branch of state government; (2) the State of Louisiana has fiduciary responsibility for the exercise of due care in the administration of the plan; and (3) under the provisions of Section 457 of the Internal Revenue Code, all assets of the plan may be used to satisfy debts of the state. The accompanying financial statement presents information only as to the balances of the Louisiana Public Employees Deferred Compensation Plan, a

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statement. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

**C. FUND ACCOUNTING**

The Louisiana Public Employees Deferred Compensation Plan uses a fiduciary fund (agency fund) and an account group to report on its financial position. The agency fund accounts for the receipt of contributions and the payment of benefits to participants. Benefits are funded through employee contributions and investment earnings on these contributions. The state does not make any contribution to the plan.

**D. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are accounted for using the modified accrual basis of accounting. Accordingly, assets and liabilities are recognized when they occur, regardless of the timing of related cash flows.

**E. CASH AND INVESTMENTS**

Cash includes demand deposits. Under state law, the plan 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 plan is authorized to invest in various investment products, including mutual funds, United States Treasury bills or notes, life insurance, fixed or variable annuities, and other investments approved by the commission.

**F. FIXED ASSETS**

Fixed assets are accounted for in the general fixed assets account group, rather than in the agency fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost. The account group is not a fund. It is concerned only with the measurement of financial position, not with the measurement of results of operations.

LOUISIANA PUBLIC EMPLOYEES  
 DEFERRED COMPENSATION PLAN  
 STATE OF LOUISIANA  
 Notes to the Financial Statements (Continued)

G. 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH

At December 31, 1995, the plan has cash in demand deposits totaling \$255,165. The commission has directed that the deposits of the plan in excess of federal insurance be secured by the pledge of securities owned by the fiscal agent banks. Deposit balances (bank balances) of \$324,694 at December 31, 1995, are fully secured by federal deposit insurance (GASB Category 1).

3. INVESTMENTS

Investments of \$211,661,365, as presented on Statement A, are valued at fair market value. The plan maintains investments with several product companies offering different types of investment options. The following itemizes the various product companies, the carrying value of the investments at December 31, 1995, the valuation method used in determining the carrying value, and the fair market value of investments at December 31, 1995:

Product/Company/Investment Option	Valuation Method	Carrying Value at December 31, 1995	Fair Market Value at December 31, 1995
Investments not categorized:			
Direct-Write Life & Annuity Insurance Company			
Investment contracts - fixed annuity	Fair market	\$71,557,887	\$71,557,887
Mariner Series Fund - mutual fund	Fair market	\$7,100,258	\$7,133,236
Two-Step Century Investors Fund - mutual fund	Fair market	28,508,258	28,508,258
Fidelity Advisor Growth Opportunities Fund - mutual fund	Fair market	2,075,822	2,075,822
Annuity contracts	Fair market	4,287,277	4,287,277
Real Appreciation Fund - mutual fund	Fair market	444	444
Total Direct-Write Life & Annuity Insurance Company		103,569,927	103,569,927
Government-Quaranteed Fund 74 - United States government obligations			
	Amortized cost	\$1,644,743	\$1,644,855
Commercial Life Insurance Company - annuity			
	Fair market	101,845	111,645
Total Investments		<u>\$212,185,795</u>	<u>\$211,661,365</u>

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

The plan also has an investment in life insurance with Polanco Standard Life Insurance Company. This investment is valued at the cash surrender value of the life insurance policies, which is \$1,272,236 at December 31, 1995.

**4. CHANGES IN GENERAL FIXED ASSETS**

Fixed assets of the plan, administered by the Louisiana Public Employees Deferred Compensation Commission, totaled \$5,632 at December 31, 1995, which remained unchanged from December 31, 1994.

**5. CHANGES IN ASSETS AND LIABILITIES**

The following represents changes in assets and liabilities for the Louisiana Public Employees Deferred Compensation Plan occurring during the year ended December 31, 1995:

	Balance at January 1, 1995	Adjustments to Beginning Balance	Balance at January 1, 1996, as restated
<b>Assets</b>			
Cash	\$375,868		\$375,868
Investments, at market value	167,515,366	\$3,181,344	170,696,654
Cash surrender value of life insurance	1,254,164		1,254,164
Accounts receivable:			
Participant	1,316,623		1,316,623
Other receivables	35,288		35,288
Administrator guarantee			
<b>Total Assets</b>	<u>\$170,497,613</u>	<u>\$3,181,344</u>	<u>\$173,658,857</u>
<b>Liabilities</b>			
Accounts payable	\$304,588		\$304,588
Due to participants	170,103,025	\$3,181,344	173,284,269
<b>Total Liabilities</b>	<u>\$170,497,613</u>	<u>\$3,181,344</u>	<u>\$173,658,857</u>

The adjustment to the investment balance at January 1, 1996, relates to the addition of annuity contracts of retired participants which were not reported in the prior year.

<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 1999</u>
\$30,359,387	\$39,599,039	\$209,109
119,279,843	74,391,287	211,987,300
174,708	158,882	1,272,238
1,397,229	1,318,829	1,397,229
1,345,021	1,288,936	912,273
479,280		479,280
<u>\$152,058,648</u>	<u>\$116,701,914</u>	<u>\$215,025,991</u>
\$5,415,746	\$9,391,791	\$389,556
53,035,912	11,692,245	214,837,038
<u>\$62,450,708</u>	<u>\$21,084,036</u>	<u>\$218,926,594</u>

LEGISLATIVE AUDITOR

LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION COMMISSION  
LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Audit Report, December 31, 1996

As discussed in note 14 to the financial statements, the investment balance reported in the previously issued December 31, 1996, financial statements was overstated. This overstatement was discovered subsequent to the issuance of the auditor's report on the financial statements. Accordingly, the 1996 financial statements and affected notes to the financial statements have been restated to correct the overstatement.

In accordance with Government Auditing Standards, we have also issued a report dated May 8, 1997, on our consideration of Louisiana Public Employees Deferred Compensation Plan's internal control structure and a report dated May 8, 1997, on its compliance with laws and regulations.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

WDD:THC:dl

10/19/97



LEGISLATIVE AUDITOR

LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION COMMISSION  
LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Internal Control Report  
May 8, 1997  
Page 2

procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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 condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information and use of the plan and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, DFC  
Legislative Auditor

WDD:THC:dl

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LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1996

	SECURITY FUND - DEFERRED COMPENSATION PLAN - AGENCY FUND	ACCOUNT GROUP - GENERAL FUND	TOTAL \$600,000,000 200.0
<b>ASSETS</b>			
Cash (note 2)	\$588,180		\$588,180
Investments (note 2)	211,681,280		211,681,280
Cash surrender value of life insurance (note 2)	1,071,000		1,071,000
Contributions receivable	1,387,228		1,387,228
Other receivables	110,270		110,270
Administrative guarantees (note 10)	476,260		476,260
Fixed assets - equipment (note 4)		\$0.00	\$0.00
<b>TOTAL ASSETS</b>	<b>\$215,223,948</b>	<b>\$0.00</b>	<b>\$215,223,948</b>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities</b>			
Accounts payable	\$344,684		\$344,684
Due to participants	214,807,000		214,807,000
Total Liabilities	215,151,684		215,151,684
Fund Equity - investment in general fund assets	\$0.00	\$0.00	\$0.00
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$215,151,684</b>	<b>\$0.00</b>	<b>\$215,151,684</b>

The accompanying notes are an integral part of this statement.

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Notes to the Financial Statements (Continued)**

**6. PLAN RESTRICTIONS**

The deferred compensation plan is authorized under Section 457 of the Internal Revenue Code. Amounts deferred by participants are limited to the lesser of \$7,500, or 33 1/3 percent of the participant's includible compensation. Any amounts deferred are not subject to federal or state income tax withholdings, nor are they includible as gross income until actually paid or otherwise made available to the participant. All assets of the plan are subject to the cognizable claims of general creditors of the State of Louisiana; may be used in satisfaction of the debts of the state, and are subject to the operation of law, attachment, levy, judgments, garnishments, executions, or any other process of law that may be employed by creditors of the state or any person or entity claiming by, through, or under such creditors. Participant rights under the plan are equal to those of general creditors of the state in an amount equal to the fair market value of the deferred account for each participant. The Small Business Job Protection Act of 1990 (Public Law 104-188) amended Section 457 of the Internal Revenue Code to require that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors. However, the trust provision of this Act for plans existing as of August 30, 1990, does not apply until January 1, 1999. As a result, future GASB pronouncements may be forthcoming which could change the reporting and disclosure requirements of the plan.

Participants of the plan may withdraw funds from the plan only upon retirement or disability as determined in accordance with retirement laws of the state, termination of employment with the state, or financial hardship as approved by the plan's hardship committee. Upon retirement or disability, employees may select various benefit options, including lump sum payments and periodic payments for a designated term that is not in excess of the life expectancy of the participant or the joint and last survivor life expectancy of the participant and his or her spouse.

It is the opinion of the state's legal counsel, the Louisiana Attorney General, 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. Of the \$214,837,038 in the plan at December 31, 1999, \$199,534,204 is applicable to the State of Louisiana, while the remaining \$15,102,833 represents the assets of other governmental jurisdictions participating in the plan.

As of April 1, 1997, the Government Securities Fund was closed to new plan participants. Participants joining the plan after this date are restricted to the Great-West Life investment options.

**7. INVESTMENT EARNINGS**

The annual rate of interest credited to participant accounts on investments with the various product companies for the year ended December 31, 1999, is as follows:



OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BAYOU BOULE, LOUISIANA 70804-9197

DANIEL G. EYLE, PH.D., CPA, CFE  
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May 8, 1987

**Independent Auditor's Report on Internal Control Structure  
Based Solely on an Audit of the General Purpose Financial Statement**

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION COMMISSION  
LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the general purpose financial statement of the Louisiana Public Employees Deferred Compensation Plan, a component unit of the State of Louisiana, as of December 31, 1986, and have issued our report thereon dated May 8, 1987, except for note 14, as to which the date is July 2, 1987.

We conducted our audit in accordance with generally accepted auditing standards and 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 statement is free of material misstatement.

The management of the Louisiana Public Employees Deferred Compensation Plan, State of Louisiana, 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 the general purpose financial statement 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.

In planning and performing our audit of the financial statement of the Louisiana Public Employees Deferred Compensation Plan as of December 31, 1986, we obtained an understanding of the internal control structure. With respect to the internal control structure, 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 to determine our auditing

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Notes to the Financial Statement (Continued)**

Balance at January 1, 1998		\$193,391
Additions:		
Product company fees	\$1,684,144	
Interest earnings	<u>6,907</u>	1,690,811
Deductions:		
Administrator fees	1,688,903	
Other expenses	<u>62,942</u>	1,750,045
Balance at December 31, 1998		<u>\$114,152</u>

**13. CHANGES IN INVESTMENT PRODUCTS**

During the fiscal year ended December 31, 1998, the commission elected to discontinue the following investment options effective March 10, 1998: Ariel Appreciation Fund, Great-West Life Bond Fund, Twentieth Century Select Investors, Twentieth Century Balanced Investors, and Decatur Mutual Fund. Effective January 1, 1998, the following investment options were made available: Maxim RW1000 ADR Portfolio, Maxim RW1000 Great-Cap Growth Portfolio, Fidelity Advisor Growth Opportunities Fund, Maxim Growth Fund I (managed by James), Maxim T. Rowe Price Equity-Income Portfolio, Maxim Vista Growth and Income Portfolio, and Maxim Corporate Bond Portfolio.

**14. REVISION OF FINANCIAL STATEMENTS**

After the issuance of the audit report dated May 8, 1997, an overstatement in the investment balance reported in the December 31, 1996, financial statement came to our attention. As shown in note 3 of the previously issued financial statement, the investment balance in the Great-West Life & Annuity Insurance Company insurance contracts was incorrectly reported as \$80,417,199 although the correct amount of \$71,667,867 was properly recorded by management in the Plan's accounting records. As a result, investments and Due to Participants as shown on Statement A of the previously issued financial statement were overstated by \$8,859,132. All statement balances and affected footnotes, including notes 3, 5, 6, and 8, have been corrected as of July 2, 1997.



**HAROLD S. STELPHAN, CPA, CFE**  
**LEGISLATIVE AUDITOR**

**OFFICE OF  
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STATE OF LOUISIANA  
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**May 8, 1997, (Except for note 14,  
as to which the date is July 2, 1997)**

**Independent Auditor's Report  
on the Financial Statement**

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION COMMISSION  
LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the accompanying general purpose financial statement of the Louisiana Public Employees Deferred Compensation Plan, a component unit of the State of Louisiana, as of December 31, 1996, as listed in the foregoing table of contents. This financial statement is the responsibility of management of the Louisiana Public Employees Deferred Compensation Plan. Our responsibility is to express an opinion on this financial statement based on our audit. We did not audit the financial statements of the Government Guaranteed Fund IV, an investment product managed by Great-West Life & Annuity Insurance Company, which represents 23.7 percent of the total assets of the Louisiana Public Employees Deferred Compensation Plan Agency Fund. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Government Guaranteed Fund IV is based on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the accompanying general purpose financial statement presents fairly, in all material respects, the financial position of the Louisiana Public Employees Deferred Compensation Plan as of December 31, 1996, in conformity with generally accepted accounting principles.

LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA

General Purpose Financial Statement  
and Independent Auditor's Reports  
As of December 31, 1998

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**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

**General Purpose Financial Statement  
and Independent Auditor's Reports  
As of December 31, 1999**

*Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.*

*July 9, 1997*



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**LEGISLATIVE AUDITOR**

**Daniel G. Nyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana Public Employees  
Deferred Compensation Plan  
State of Louisiana  
Baton Rouge, Louisiana

July 8, 1997



*Financial and Compliance Audit Division*

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*Daniel G. Kyle, Ph.D., CPA, CFE*  
*Legislative Auditor*

**LOUISIANA PUBLIC EMPLOYEES  
DEFERRED COMPENSATION PLAN  
STATE OF LOUISIANA  
Notes to the Financial Statement (Continued)**

<u>Product/Company</u>	<u>Product</u>	<u>Annual Interest Rate</u>
Government Securities Fund	Various investments	
	January - March	5.40%
	April - June	5.38%
	July - September	5.25%
	October - December	5.25%
Great-West Life & Annuity Insurance Company - Guaranteed Fund	Fixed annuity:	
	January - March	5.40%
	April - June	5.41%
	July - September	5.41%
	October - December	5.41%

Investment earnings for the Master Series Fund, Twentieth Century Investors Fund, Fidelity Advisor Growth Opportunities Fund, and Adel Appreciation Fund are not expressed as a percentage because earnings result from gains or losses arising from investment transactions and fluctuations in fair market value of the applicable investments. Investment earnings for the Government Securities Fund and Great-West Life & Annuity Insurance Company - Guaranteed Fund are reported at net, less the .85 percent charged by the plan.

**B. ADMINISTRATIVE CHARGES**

The contract between the commission and Great-West Life & Annuity Insurance Company provides for charges of .85 percent of earnings on investments in the Government Securities Fund and all Great-West Life & Annuity funds that are calculated and deducted daily on a pro-rata basis. As of January 1, 1995, the commission entered into an agreement for the Great-West Life & Annuity Insurance Company to provide management advisory services for the Government Securities Fund. The annual fee for these services include a .15 percent fund management fee and a .32 percent insurance wrapper fee on investments in the Government Securities Fund to be paid to the administrator at the end of each quarter on a pro-rata basis. The insurance wrapper guarantees that each Government Securities Fund participant will receive the full book value of their account upon transfer and/or distribution from the plan. During the year ended December 31, 1995, administrative charges of \$1,688,000 were paid to Great-West Life & Annuity Insurance Company.

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statement and presents, where applicable, compliance matters that would be material to the presented financial statement.