

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of State
State of Louisiana
Baton Rouge, Louisiana

December 16, 1997



Financial and Compliance Audit Division

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

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**DEPARTMENT OF STATE
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules**

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.

December 19, 1997

DEPARTMENT OF STATE
STATE OF LOUISIANA

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		3
Special Purpose Financial Statements:		
Balance Sheet (Legal Basis) - All Appropriated and Non-Appropriated Funds	A	4
General Appropriation Fund:		
Statement of Revenues, Expenditures, and Changes in Fund Balance (Legal Basis)	B	5
Statement of Revenues, Expenditures, and Unexpended Appropriation - Budget Comparison of Current-Year Appropriation - Budget (Legal Basis) and Actual	C	6
Notes to the Financial Statements		7
	Schedule	Page No.
Supplemental Information Schedules:		
Schedule of Changes in Balance - Non-Appropriated - Payroll Closing Fund	1	20
Schedule of Per Diem Paid Louisiana Presidential Electors	2	21
	Exhibit	
Other Report Required by Government Auditing Standards - Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements	A	

LEGISLATIVE AUDITOR

HONORABLE W. FOX MCKEITHEN
SECRETARY OF STATE
DEPARTMENT OF STATE
STATE OF LOUISIANA
Audit Report, June 30, 1997

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 1997, on our consideration of the Department of State's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was performed for the purpose of forming an opinion on the special purpose financial statements of the Department of State taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the special purpose financial statements. Such information has been subjected to the procedures applied in the audit of the special purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the special purpose financial statements taken as a whole.

In accordance with Louisiana Revised Statute 24:516, our report is intended for the information and use of the department and its management and should be used solely as intended by the foregoing statute. 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, CFE
Legislative Auditor

DL-DLH:ags

DEPARTMENT OF STATE
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS

Balance Sheet (Legal Basis), June 30, 1987

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED - PROPERTY CLEARING	TOTAL (MEMORANDUM DOLLAR)
ASSETS			
Cash (note 1-C)	\$1,005,190	\$60,332	\$1,064,522
Receivables - fees and self-generated			
Netbook	(281,540)		(281,540)
Due from others (note 2)	187,288		187,288
Inventories of materials and supplies (note 1-D)	313,128		313,128
TOTAL ASSETS	\$1,023,130	\$60,332	\$1,083,462
LIABILITIES AND FUND EQUITY			
Liabilities:			
Payables (note 3)	\$844,078	\$90,332	\$934,410
Advance from state treasury (note 5)	3,000		3,000
Due to state treasury (note 5)	1,040,088		1,040,088
Other liabilities	621		621
Total liabilities	<u>2,487,787</u>	<u>\$90,332</u>	<u>2,578,119</u>
Fund Equity - fund balances:			
Reserved for inventories of materials and supplies (note 1-D)	313,128		313,128
Unreserved - undesignated (deficit) (note 1B)	(231,725)		(231,725)
Total Fund Equity	<u>76,403</u>	<u>None</u>	<u>76,403</u>
TOTAL LIABILITIES AND FUND EQUITY	\$2,521,290	\$90,332	\$2,621,622

The accompanying notes are an integral part of this statement.

DEPARTMENT OF STATE
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance (Legal Basis)
For the Year Ended June 30, 1997

REVENUES

Appropriated by legislature:	
State General Fund	\$3,208,080
State General Fund by:	
Fees and self-generated revenues	8,188,000
Interagency transfers	718,320
Total revenues	<u>12,106,320</u>

EXPENDITURES

Administrative	2,808,384
Elections	3,180,280
Archives and records	1,898,880
Museum/other operations	1,003,817
Commercial	1,261,630
Total expenditures	<u>10,052,934</u>

EXCESS OF REVENUES OVER EXPENDITURES 1,998,794

OTHER FINANCING USES - transfer to state treasury (note B) (1,840,088)

EXCESS OF EXPENDITURES AND OTHER
USES OVER REVENUES (841,294)

FUND BALANCE AT BEGINNING OF YEAR 380,388

INCREASE IN RESERVE FOR INVENTORY 77,840

ADJUSTMENTS (note 11) (250,818)

FUND BALANCE AT END OF YEAR \$376,407

The accompanying notes are an integral part of this statement.

DEPARTMENT OF STATE
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
Unexpended Appropriation - Budget
Comparison of Current-Year Appropriation -
Budget (Legal Basis) and Actual
For the Year Ended June 30, 1987

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Appropriated by legislature:			
State General Fund	\$3,589,800	\$3,598,000	
State General Fund by:			
Fees and self-generated revenues	7,587,836	8,188,036	\$580,200
Interagency transfers	585,342	718,322	132,980
Total appropriated revenues	<u>11,761,877</u>	<u>12,305,328</u>	<u>543,451</u>
EXPENDITURES			
Appropriated for:			
Administration	3,398,882	3,854,570	455,688
Elections	1,701,084	1,735,093	33,910
Archives and records	2,808,276	1,980,494	827,782
Museum/office operations	1,267,419	1,860,023	592,604
Commercial	<u>3,373,086</u>	<u>3,190,618</u>	<u>182,468</u>
Total appropriated expenditures	<u>11,757,677</u>	<u>13,065,198</u>	<u>1,307,521</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR			
	<u>NONE</u>	<u>\$1,642,220</u>	<u>\$1,642,220</u>

The accompanying notes are an integral part of this statement.

DEPARTMENT OF STATE
STATE OF LOUISIANA

Notes to the Financial Statements
As of and for the Year Ended June 30, 1997

INTRODUCTION

The Department of State is a department within the State of Louisiana reporting entity. The department was created in accordance with Title 36, Chapter 26 of the Louisiana Revised Statutes of 1950, as a part of the executive branch of government. As provided by Article IV, Section 7 of the Louisiana Constitution of 1974, the secretary of state certifies all official documents of the Louisiana Legislature, governor, commissions, et cetera; administers the state corporation laws; compiles and promulgates the official returns of elections for statewide offices; and prints and distributes certain official publications of the state. The Archives and Records Division serves as the official depository of the records and documents of various state agencies, departments, and political subdivisions. The following museums are under the jurisdiction of the secretary of state: The Old State Capitol, Louisiana State Exhibit Museum, Louisiana State Cotton Museum, Edward Douglass White Historic Site, Old Arsenal Museum, Pomigean Barracks, and the Shop at the Top of the State Capitol. The department's 170 full-time employees serve the public from its offices in Baton Rouge, a commercial division office in New Orleans, and the museums located throughout the state.

The following advisory boards and commissions under the jurisdiction of the Department of State are not appropriated and are not included in the accompanying financial statements. These boards and commissions are established by state law or order of the secretary of state.

	<u>Louisiana Revised Statute</u>
Advisory Board of the Old State Capitol	26:373
Regional Museum Governing Board of the Louisiana State Exhibit Museum	25:376.1
Governing Board of the Louisiana Cotton Museum	25:380.1
Governing Board of Edward Douglass White Historic Site	25:380.11
State Board of Election Supervisors	18:29
First Stop Shop Coordinating Council	49:226.1

DEPARTMENT OF STATE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

	<u>Secretary of State Order</u>
Secretary of State's Commission on Corporations	WFSM 88-1
Secretary of State's Commission on Archives	WFSM 88-2
Secretary of State's Commission on the Louisiana Old State Capitol	WFSM 91-1
Secretary of State's Commission on the Louisiana Museum of Art and Classic Automobiles	WFSM 93-1

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local government. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards, published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from generally accepted accounting principles as explained in the following notes.

The State of Louisiana has been determined to be the reporting entity under generally accepted accounting principles. The accompanying financial statements represent activity of a department of state government and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements.

A. FUND ACCOUNTING

The Department of State uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds. This differs from the fund accounting of generally accepted accounting principles where the intent is to measure the financial position and results of operations of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by the conventional fund types of generally accepted accounting principles. The funds do not include any noncurrent assets or liabilities. Noncurrent assets, general fixed assets, and long-term liabilities are reflected in the State of Louisiana's general purpose financial statements.

The funds presented in the special purpose financial statements are described as follows:

DEPARTMENT OF STATE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

GENERAL APPROPRIATION FUND

The General Appropriation Fund accounts for all appropriated revenues, operating expenditures, and minor capital acquisitions of the department.

NON-APPROPRIATED FUNDS

Income Not Available

The Department of State collects funds specifically identified by the Division of Administration, State Budget Office, as income not available that are remitted to the state treasury. These amounts are not available to the department for expenditure and, therefore, are not included on Statement B but are detailed in note 13.

Payroll Clearing Fund

The Payroll Clearing Fund accounts for payroll deductions and accrued benefits.

The non-appropriated funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

B. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of these resources by the department. This differs from generally accepted accounting principles in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Division of Administration, Office of Statewide Reporting and Accounting (Policy). These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.

DEPARTMENT OF STATE
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

2. Expenditures are recognized to the extent that appropriation authority has been extended to the department and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the department uses the following practices in recognizing revenues and expenditures:

Revenues

State General Fund appropriations are recognized in the amounts appropriated, to the extent withdrawn from the state treasury. Fees and self-generated revenues, interagency transfers, and non-appropriated revenues are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid. Furthermore, expenditures of a long-term nature for which funds have not been appropriated during the current year are not recognized in the accompanying financial statements.

Other Financing Uses

Transfers made to the state treasury are recognized in the year the department makes the transfer, in accordance with provisions of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

C. CASH

Cash is composed of the following:

Under control of the department - petty cash (on hand and in banks)	\$7,621
Cash on deposit with the state treasury	<u>1,916,466</u>
Total	<u>\$1,924,087</u>

Under state law, these 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

DEPARTMENT OF STATE
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

deposit with the fiscal agent. The department has deposit balances (collected bank balances) of \$0,547 at June 30, 1997, for which the department has control. These deposits are fully secured from risk by federal deposit insurance (GAO's Risk Category 1).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements. The following is a summary of cash in the state treasury:

Means of finance	\$1,508,007
ISIG operating	420,087
Payroll clearing	<u>88,320</u>
Total	<u>\$1,976,414</u>

D. INVENTORIES OF MATERIALS AND SUPPLIES

Inventories, consisting of office supplies stored at the Archives Building and election supplies and materials stored and maintained on the premises of an outside vendor, are valued at cost and are recorded as expenditures at the time individual inventory items are purchased. The department and the vendor use periodic inventory systems and employ the first-in, first-out valuation method using the most recent cost of the inventory items, which approximates market. Reported inventories of \$317,128 are equally offset by fund balance reserves that indicate they do not constitute available spendable resources even though they are components of net current assets.

E. GENERAL FIXED ASSETS

At June 30, 1997, the department has stewardship responsibility for \$3,661,585 in governmental movable property, valued at historical cost at the time of acquisition. The movable property is not reflected within the accompanying special purpose financial statements. A summary of changes in movable property follows:

DEPARTMENT OF STATE
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Balance July 1, 1997	Additions	Deductions	Balance June 30, 1997
<u>\$3,743,378</u>	<u>\$638,813</u>	<u>\$217,598</u>	<u>\$4,164,593</u>

The department has complied with Louisiana Revised Statutes (R.S.) 38:321-322 relating to movable property.

F. LONG-TERM OBLIGATIONS

The department is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the department arising from installment purchases, judgments, compensated absences, or any other source are not recognized in the accompanying special purpose financial statements.

G. ENCUMBRANCE ACCOUNTING

Encumbrances represent commitments relating to unperformed contracts for goods or services. The department employs encumbrance accounting during the year to ensure compliance with the annual appropriation act. Encumbrances are not included in the accompanying financial statements because R.S. 38:82 and the annual appropriation act do not allow the department to charge encumbrances at year-end against its current-year appropriation, the basis upon which the accompanying financial statements have been prepared. The department did not have any encumbrances at June 30, 1997.

H. BUDGET PRACTICES

The appropriation made for the general operations of the department is an annual lump-sum appropriation and is recorded in the General Appropriation Fund.

- The budget process for the general appropriation is an annual appropriation valid for one year. Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-B, except that salaries and related benefits are recognized when paid on Statement C. The expenditures of the department, as shown on Statement B, are recorded with the respective amounts shown on Statement C as follows:

DEPARTMENT OF STATE
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Statement B expenditures	\$10,806,604
Add - prior-year payroll accrual	185,205
Less - current-year payroll accrual	<u>(237,721)</u>
Statement C expenditures	<u>\$10,853,108</u>

- The department is prohibited by statute from ever expending the program levels established in the general appropriation act.
- Budget revisions are granted by the Joint Legislative Committee on the Budget. Interim emergency appropriations may be granted by the Interim Emergency Board. The budget information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

Original approved budget - Act 17 of 1996	\$11,722,202
Increase - state General Fund - Old State Capitol	<u>88,675</u>
Total	<u>\$11,810,877</u>

- The non-appropriated funds are not subject to budgetary control.

1. LEAVE BENEFITS

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service, without limitation on the balance that can be accumulated. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay but are not compensated for unused sick leave. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual and sick leave payable at June 30, 1997, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 590.105, is estimated to be \$440,091. The leave payable is not recorded in the accompanying financial statements.

Certain employees of the department are eligible to earn compensatory time, as defined by the Department of Civil Service and the Fair Labor Standards Act. These employees can earn and accumulate one hour or one and one-half hours for each hour of overtime worked, depending on their position and rate of pay. Generally, the employees are allowed to carry up to 300 hours of accrued compensatory leave from one calendar year to another. All unused compensatory leave earned at the one and one-half hours for each hour of overtime worked rate shall be paid to the employee

DEPARTMENT OF STATE
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

upon separation or transfer. All unused compensatory leave earned hour for hour may be paid to the employee upon separation or transfer. The liability for accrued compensatory leave at June 30, 1997, computed in accordance with GASB Codification Section D50.105, is estimated to be \$11,050. Accumulated compensatory leave is not accrued (reflected) in the accompanying special purpose financial statements.

J. 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. DUE FROM OTHERS

The following is a summary of amounts due from others for the General Appropriation Fund of June 30, 1997:

Due from other agencies - interagency transfers:	
Assessor Parish Clerk of Court	4771
Department of Civil Service	10,580
Department of Education	668
Division of Administration	947
East Louisiana State Hospital	14,225
Huey P. Long Medical Center	71,288
Louisiana State Employees Group Benefits	64,061
Louisiana State Employees Retirement System	1,230
LSU Medical Center	973
Office of Community Services	1,374
Shreveport Memorial Library	680
Miscellaneous	<u>552</u>
Total	<u>\$437,286</u>

3. PAYABLES

The following is a summary of payables at June 30, 1997:

**DEPARTMENT OF STATE
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

	Accounts Payable	Payroll Deductions Payable	Accrued Employee Benefits	Accrued Payroll	Total
General appropriation Not appropriated - payroll clearing	\$88,888			\$231,721	\$320,609
		\$41,028	\$54,888		\$96,944
Total	<u>\$88,888</u>	<u>\$41,028</u>	<u>\$54,888</u>	<u>\$231,721</u>	<u>\$415,529</u>

4. PENSION PLAN

Substantially all employees of the department are members of the Louisiana State Employees Retirement System, a multiple-employer, defined benefit pension plan. Required disclosures for the plan for fiscal year 1997 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Louisiana Division of Administration, Post Office Box 94085, Baton Rouge, Louisiana 70804-9085.

**5. POSTRETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The department provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the department's employees become eligible for these benefits if they reach normal retirement age while working for the department. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the department. The department's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1997, the cost of retiree benefits totaled \$88,554.

**6. JUDGMENTS, CLAIMS, AND
SIMILAR CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

7. INSTALLMENT PURCHASES

During 1997, the department participated in a number of installment purchase agreements with various vendors for the purchase of equipment. The following is a summary of installment purchases of the department for the year ended June 30, 1997:

DEPARTMENT OF STATE
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Balance at July 1, 1989	\$200,774
Installment purchases in 1987	51,076
Installment payments in 1987	<u>(229,504)</u>
Installment purchases payable at June 30, 1987	<u>\$12,346</u>

The following is a summary of future minimum installment payments as of June 30, 1987:

Year ending June 30:	
1988	\$10,363
1989	<u>2,266</u>
Total minimum lease payments	12,629
Less - amount representing interest	<u>(327)</u>
Present value of net minimum lease payments	<u>\$12,302</u>

All installment purchase agreements have non-appropriation exculpatory clauses that allow for cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period. The liability for installment purchases is not recorded in the accompanying financial statements.

B. ADVANCE FROM STATE TREASURY

The department has received an advance from the state treasury for petty cash imprest fund operations totaling \$7,000. The advance, as reflected in the accompanying statements, represents a liability to the department and must be repaid if not actually authorized.

B. DUE TO STATE TREASURY/OTHER FINANCING USES

As shown on Statements A and B, in accordance with provisions of the Division of Administration, Office of Statewide Reporting and Accounting Policy, the following balances were reported as other financing uses and were due to the state treasury at June 30, 1987:

DEPARTMENT OF STATE
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Unexpended General Fund appropriation	\$168,982
Unexpended self-generated appropriation	700,688
Self-generated revenues collected in excess of amount budgeted	500,368
Interagency transfer revenue collected in excess of amount budgeted	<u>123,062</u>
Total	<u>\$1,640,098</u>

10. FUND DEFICIT

The General Appropriation Fund had a fund deficit of \$207,721 for the year ended June 30, 1987. The deficit was the result of accrual of payroll payables that were required by the Office of the Governor, Division of Administration, but not included in the 1986-87 fiscal year budget. The department resolved the deficit by liquidating the liabilities with funds appropriated in the 1987-88 fiscal year. These obligations are included in the accompanying financial statements.

11. ADJUSTMENTS TO FUND BALANCE
 AT BEGINNING OF YEAR

Adjustments to the beginning fund balance of the General Appropriation Fund, as shown on Statement B, are detailed as follows:

Adjustment of expenditures	(122)
Surplus transferred to General Fund	<u>(258,490)</u>
Total	<u>(258,612)</u>

12. DEFERRED COMPENSATION PLAN

Certain employees of the department participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

DEPARTMENT OF STATE
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

13. INCOME NOT AVAILABLE

During 1987, the department collected \$52,517 identified by the Division of Administration, State Budget Office, as income not available that was remitted to the state treasury:

Candidates' fees	\$300
Central registry	2,344
Elections	5,477
Excise	24,206
Uniforms commercial sale	<u>20,010</u>
Total	<u>\$52,517</u>

14. NONPROFIT CORPORATIONS

The accompanying financial statements do not include the accounts of the following nonprofit corporations affiliated with the museums under the jurisdiction of the Department of State: the Louisiana State Cotton Museum Foundation, Inc.; Friends of the Cotton Museum, Inc.; Friends of Louisiana State Exhibit Museum, Inc.; Old State Capitol Foundation, Inc.; Old State Capitol Cooperative Endeavors, Inc.; and The Friends of Edward Douglass White State Commemorative Area, Inc. These corporations are subject to audit by independent certified public accountants. By agreement with the Department of State, the Old State Capitol Foundation, Inc., operates a gift shop in the Old State Capitol. The foundation is responsible for the gift shop's staffing and inventory and uses the proceeds for promotion, beautification, improvement, and development of the facilities, grounds, and exhibits of the Louisiana Old State Capitol.

15. MUSEUM HOLDINGS

The Department of State has policies and procedures concerning accessions, deaccessions, and loans of holdings in the museums under its jurisdiction. A catalog of the holdings is maintained at each museum. The museums' buildings, holdings, and items on loan are insured by the Louisiana Office of Risk Management.

DEPARTMENT OF STATE
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 1997

SCHEDULE OF CHANGES IN BALANCE

Changes in balance for the Non-Appropriated - Payroll Clearing Fund for the year ended June 30, 1997, are presented on Schedule 1.

PER DIEM PAID LOUISIANA PRESIDENTIAL ELECTORS

Schedule 2, which presents per diem paid Louisiana presidential electors, was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Per diem payments are authorized by Louisiana Revised Statute 18:1205 and are included in the elections program expenditures. Presidential electors are paid \$50 for attendance at the meeting of electors.

DEPARTMENT OF STATE
STATE OF LOUISIANA
NON-APPROPRIATED - PAYROLL CLEARING FUND

Schedule of Changes in Balance
For the Year Ended June 30, 1987

BALANCE AT BEGINNING OF YEAR	\$64,437
ADDITIONS	
Payroll deduction deposits	<u>2,567,442</u>
Total	2,641,879
DEDUCTIONS	
Payroll deduction disbursements	<u>2,546,887</u>
BALANCE AT END OF YEAR	<u>\$95,000</u>

DEPARTMENT OF STATE
STATE OF LOUISIANASchedule of For Ours Paid
Louisiana Presidential Electors
For the Year Ended June 30, 1997

Costa Chelaco	\$50
Stephanie R. Edwards	50
Benjamin L. Jeffers	50
Henry A. Smith, Jr.	50
Bonnie P. Tyness	50
Dorothy H. Wallace	50
Conrad W. West	50
Mary Lou T. Wilcox	50
Mary E. Wisham	50
	<hr/>
Total	\$450

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain our report on compliance with laws and regulations and on internal control as required by Government Auditing Standards, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, only reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.



OFFICE OF
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November 3, 1997

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements

HONORABLE RE. FOX MCKEITHEN
SECRETARY OF STATE
DEPARTMENT OF STATE
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of State, a department within Louisiana state government, as of and for the year ended June 30, 1997, and have issued our report thereon dated November 3, 1997. 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 Department of State's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 Department of State's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 special purpose 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.

EDWIGHT A.

LEGISLATIVE AUDITOR

HONORABLE RE. FOX MCNEITHEN
SECRETARY OF STATE
DEPARTMENT OF STATE
STATE OF LOUISIANA
Compliance and Internal Control Report
November 7, 1997
Page 2

This report is intended for the information and use of the department 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 D. Kyle, CPA, CFE
Legislative Auditor

DLDP:ads
