

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

Balance Sheet (Legal Basis), June 30, 1996

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - PAYROLL CLEARING	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash (note 1-C)	\$1,609,787	\$125,868	\$1,735,655
Receivables:			
Fees and self-generated revenues	199,306		199,306
Other	153,503		153,503
Inventory of materials and supplies	2,219,306		2,219,306
	<u>2,219,306</u>		<u>2,219,306</u>
TOTAL ASSETS	<u><u>\$4,181,902</u></u>	<u><u>\$125,868</u></u>	<u><u>\$4,307,770</u></u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Payables (note 2)	\$1,364,228	\$125,868	\$1,490,096
Advances from state treasury (note 8)	207,700		207,700
Due to state General Fund	727,909		727,909
Total Liabilities	<u>2,299,837</u>	<u>125,868</u>	<u>2,425,705</u>
Fund Equity - fund balances:			
Reserved for inventory of materials and supplies	2,219,306		2,219,306
Unreserved - undesignated (note 9)	(337,241)		(337,241)
Total Fund Equity	<u>1,882,065</u>	<u>NONE</u>	<u>1,882,065</u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$4,181,902</u></u>	<u><u>\$125,868</u></u>	<u><u>\$4,307,770</u></u>

The accompanying notes are an integral part of this statement.

DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance (Legal Basis)
For the Year Ended June 30, 1996

REVENUES

Appropriated by legislature:

State General Fund	\$30,102,091
State General Fund by fees and self-generated revenues	2,596,122
Total revenues	<u>32,698,213</u>

EXPENDITURES

Appropriated expenditures:

Personal services	5,291,041
Travel	166,561
Operating services	7,001,325
Supplies	2,559,536
Professional services	2,041,944
Other charges (note 11)	15,556,804
Capital outlay	35,296
Interagency transfers	19,533
Total expenditures	<u>32,672,040</u>

EXCESS OF REVENUES OVER EXPENDITURES	26,173
FUND BALANCE AT BEGINNING OF YEAR	1,784,553
INCREASE IN RESERVE FOR INVENTORY	530,376
ADJUSTMENT (note 10)	<u>(459,037)</u>
FUND BALANCE AT END OF YEAR	<u><u>\$1,882,065</u></u>

The accompanying notes are an integral part of this statement.

DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
NON-APPROPRIATED FUND - INCOME NOT AVAILABLE

Schedule of Non-Appropriated Revenues
For the Year Ended June 30, 1996

	<u>CASH RECEIPTS THROUGH JUNE 30, 1996</u>	<u>ACCOUNTS RECEIVABLE AT JUNE 30, 1996</u>	<u>TOTAL REVENUE</u>
Income not available - election expenses reimbursed	<u>\$772,934</u>	<u>NONE</u>	<u>\$772,934</u>

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of Elections and Registration
State of Louisiana
Baton Rouge, Louisiana

January 8, 1997



Financial and Compliance Audit Division

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

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

**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 statements 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 statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

**DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1996
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.

January 8, 1997

**DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA**

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1996
With Supplemental Information Schedules

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

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December 13, 1996

Independent Auditor's Report
on the Financial Statements

HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Department of Elections and Registration, a department within Louisiana state government, as of and for the year ended June 30, 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Department of Elections and Registration. 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 *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 special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the financial statements, the accompanying special purpose financial statements present only the funds of the Department of Elections and Registration. As such, they present the appropriated and non-appropriated activity of the department that are part of the accounts and fund structure of the State of Louisiana. The general appropriation fund reflects appropriated activities of the department that are part of the General Fund of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the financial statements have been prepared in accordance with accounting procedures prescribed by the Office of the Governor, Division of Administration, which is a comprehensive basis of accounting other than generally accepted accounting principles, the purpose of which is to reflect compliance with the annual appropriation act and other state laws and regulations.

DEPARTMENT OF ELECTIONS AND REGISTRATION
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, 1996

	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Appropriated by legislature:			
State General Fund	\$33,216,328	\$30,102,091	(\$3,114,237)
State General Fund by fees and self-generated revenues	<u>4,778,000</u>	<u>2,596,122</u>	<u>(2,181,878)</u>
Total appropriated revenues	<u>37,994,328</u>	<u>32,698,213</u>	<u>(5,296,115)</u>
EXPENDITURES			
Appropriated for:			
Salaries	3,012,734	2,977,108	35,626
Other compensation	1,731,607	1,586,242	145,365
Related benefits	793,005	743,986	49,019
Travel	216,489	166,561	49,928
Operating services	8,762,932	7,001,325	1,761,607
Supplies	2,964,484	2,559,536	404,948
Professional services	2,215,929	2,041,944	173,985
Other charges	18,218,747	15,556,804	2,661,943
Interagency transfers	42,370	35,296	7,074
Capital outlay	<u>36,031</u>	<u>19,533</u>	<u>16,498</u>
Total appropriated expenditures	<u>37,994,328</u>	<u>32,688,335</u>	<u>5,305,993</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR	<u>NONE</u>	<u>\$9,878</u>	<u>\$9,878</u>

The accompanying notes are an integral part of this statement.

LEGISLATIVE AUDITOR

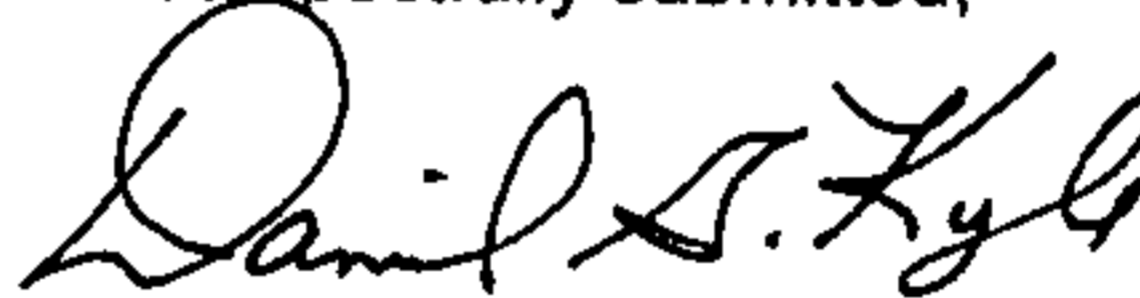
HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA

Compliance Report
December 13, 1996
Page 2

than generally accepted accounting principles. We determined that this noncompliance does not affect our report dated December 13, 1996, on those special purpose (legal basis) financial statements.

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 G. Kyle, CPA, CFE
Legislative Auditor

VWW:THC:dl

(ELECTION)

EXHIBIT B

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

deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The department has deposit balances (collected bank balances) of \$219,421 at June 30, 1996, for which the department has control. These deposits are fully secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1) and \$119,421 of pledged securities held in the name of the pledging fiscal agent bank (GASB Risk Category 3).

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	\$59,861
FACS operating	1,356,376
Payroll clearing	<u>125,868</u>
 Total	 <u><u>\$1,542,105</u></u>

D. INVENTORIES OF MATERIALS AND SUPPLIES

Inventories are valued at cost and are recorded as expenditures at the time individual inventory items are purchased. The department uses both perpetual and periodic inventory systems. The perpetual inventory is valued by the weighted-average method. The periodic inventory is valued on the first-in, first-out (FIFO) basis, using the most recent cost of the inventory items, which approximates market. Reported inventories 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, 1996, the department has stewardship responsibility for \$29,115,506 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:

	Balance July 1, 1995	Restatement of Prior Year Balance	Balance July 1, 1995 Restated	Additions	Deletions	Balance June 30, 1996
Movable property	<u>\$26,360,605</u>	<u>\$2,487,202</u>	<u>\$28,847,807</u>	<u>\$4,155,520</u>	<u>\$3,887,821</u>	<u>\$29,115,506</u>

**DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 1996

INTRODUCTION

The Department of Elections and Registration is a department within the State of Louisiana reporting entity. The department was created in accordance with Title 18, Chapter 2 of the Louisiana Revised Statutes of 1950, as a part of the executive branch of government. The department is responsible for providing and maintaining voting machines and computer absentee counting equipment for all called public elections. The department also prescribes uniform policies and procedures for voter registration within the State of Louisiana and serves as a storehouse for statistical election information. During fiscal year 1996, the department had 91 regular employees; 66 warehouses; 4,037 precincts; and 2,552 polling places throughout the state. The department administered the following number of elections during the year: 3 statewide, 731 parish/municipal primaries, 220 parish/municipal general, 179 special vacancies, and 353 local propositions.

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 Elections and Registration 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.

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

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:

GENERAL APPROPRIATION FUND

The General Appropriation Fund provides for the administrative and operating expenditures of the department.

NON-APPROPRIATED FUNDS

Payroll Clearing Fund

The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

Income Not Available

The department 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 on Schedule 2.

The non-appropriated funds relating to income not available and payroll clearing 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 those 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

**DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 1996**

SCHEDULE OF CHANGES IN BALANCE

Changes in balance for the Non-Appropriated - Payroll Clearing Fund for the year ended June 30, 1996, are presented on Schedule 1.

**SCHEDULE OF NON-APPROPRIATED REVENUES -
INCOME NOT AVAILABLE**

Schedule 2 reflects income not available collected by the department during the year that was not available to the department for expenditures.



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December 13, 1996

Independent Auditor's Report on Internal Control Structure Based
Solely on an Audit of the Special Purpose Financial Statements

HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of Elections and Registration, a department within Louisiana state government, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

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 special purpose financial statements are free of material misstatement.

Management of the Department of Elections and Registration 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 special purpose financial statements in accordance with legal requirements. Because of inherent limitations in any internal control structure, errors and/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 special purpose financial statements of the Department of Elections and Registration for the year ended June 30, 1996, 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

EXHIBIT A

**DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA**
Notes to the Financial Statements (Concluded)

**10. ADJUSTMENT TO FUND BALANCE
AT BEGINNING OF YEAR**

The adjustment to the beginning fund balance of the General Appropriation Fund, as shown on Statement B, is detailed as follows:

Surplus remitted to state General Fund	\$454,133
Adjustment of prior-year expenditures	<u>4,904</u>
Total	<u><u>\$459,037</u></u>

11. OTHER CHARGES

In accordance with the instructions of the Division of Administration, State Budget Office, certain expenditures of the department are budgeted as other charges. The other charges expenditures, as shown on Statement B, are detailed as follows:

Personal services	\$11,556,136
Travel	2,829
Operating services	2,000
Miscellaneous charges	1,645,968
Supplies	221,567
Acquisitions	<u>2,128,304</u>
Total	<u><u>\$15,556,804</u></u>

The State Budget Office has budgeted these funds in this manner because these expenditures pertain to payments to parish registrars of voters and their employees who are not considered to be state employees and, therefore, should not be included in the standard expenditure codes. Under generally accepted accounting principles, these expenditures would have been recognized within their proper expenditure categories and objects.

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 ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

Balance at July 1, 1995	\$1,056,918
Installment purchases	2,514,019
Installment payments	<u>(925,056)</u>
Installment purchases payable at June 30, 1996	<u>\$2,645,881</u>

The following is a summary of future minimum installment payments as of June 30, 1996:

Fiscal year:	
1996-97	\$1,203,116
1997-98	893,641
1998-99	<u>549,124</u>
Total minimum lease payments	2,645,881
Less - amount representing interest	<u>(167,533)</u>
Present value of net minimum lease payments	<u>\$2,478,348</u>

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

8. ADVANCES FROM STATE TREASURY

The department has received advances from the state treasury for working capital/imprest fund operations totaling \$207,700. The advances, as reflected in the accompanying statements, represent a liability to the department and must be repaid if not authorized annually.

**9. UNRESERVED - UNDESIGNATED
FUND BALANCE**

The General Appropriation had a deficit of \$337,241 for the year ended June 30, 1996. The deficit was the result of the recognition of accrued salaries and related benefits as required by the Office of the Governor, Division of Administration, and the fact that revenues to fund those accruals are appropriated in the subsequent year. The deficit will be resolved by paying for salaries and related benefits from fiscal year 1997 funds appropriated to pay those obligations of the 1995-96 fiscal year.

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

Fiscal year:	
1996-97	\$581,990
1997-98	433,599
1998-99	433,599
1999-00	401,149
2000-01	48,813
Net minimum lease payments	<u>1,899,150</u>
Less - amount representing interest	<u>(162,806)</u>
Present value of net minimum lease payments	<u>\$1,736,344</u>

In addition to capital leases, the department has noncancelable operating leases. The future annual operating lease payments are presented as follows:

<u>Fiscal Year</u>	<u>Equipment</u>	<u>Warehouse</u>	<u>Total</u>
1996-97	\$454,469	\$679,090	\$1,133,559
1997-98	340,852	433,560	774,412
1998-99		233,377	233,377
1999-00		197,574	197,574
2000-01		89,170	89,170
Total	<u>\$795,321</u>	<u>\$1,632,771</u>	<u>\$2,428,092</u>

All 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 fiscal year ended June 30, 1996, totaled \$3,209,975.

7. INSTALLMENT PURCHASES

The department has entered into an installment purchase with IBM Corporation for the purchase of equipment and participates in the Louisiana Equipment Acquisition Fund (LEAF) for the purchase of nine other items. The following is a summary of the installment purchases of the department for the year ended June 30, 1996:

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

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.
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 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 recognized as expenditures when paid. Furthermore, any 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.

C. CASH

Cash is composed of the following:

Under control of the department:	
Petty cash (on hand)	\$100
Cash in demand accounts	193,450
Cash on deposit with the state treasury	<u>1,542,105</u>
Total	<u><u>\$1,735,655</u></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

LEGISLATIVE AUDITOR

HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Audit Report, June 30, 1996

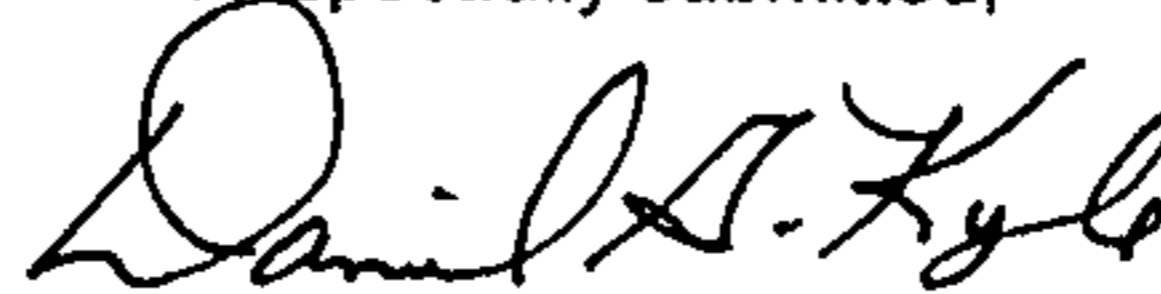
In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Department of Elections and Registration at June 30, 1996, and the transactions of the appropriated fund for the year then ended, on the basis of accounting described in note 1-B.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 13, 1996, on our consideration of the Department of Elections and Registration's internal control structure and a report dated December 13, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements of the Department of Elections and Registration. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the procedures applied in the audit of the financial statements and, in our opinion, are stated fairly in all material respects in relation to the financial statements taken as a whole.

In accordance with Louisiana Revised Statute 24:516, our report is intended for the use and information 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

VWW:THC:dl

[ELECTION]

DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
NON-APPROPRIATED - PAYROLL CLEARING FUND

Schedule of Changes in Balance
For the Year Ended June 30, 1996

BALANCE AT BEGINNING OF YEAR	\$115,369
ADDITIONS	
Payroll deposits	<u>3,354,239</u>
Total	3,469,608
DEDUCTIONS	
Payroll deduction disbursements	<u>(3,343,740)</u>
BALANCE AT END OF YEAR	<u><u>\$125,868</u></u>

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

The restatement of prior year movable property balance of \$2,487,02 relates to movable property received by the department before June 30, 1995, but not recorded by the department until July (fiscal year 1996).

Much of the \$4,155,520 in additions were electronic voting machines purchased through the Division of Administration, Office of Facility Planning and Control; therefore, no expenditures are reflected in Statements B or C for these items.

In accordance with Louisiana Revised Statutes (LSA-R.S.) 39:321-332, the Department of Elections and Registration has complied with the movable property statutes of the State of Louisiana.

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 lease commitments, installment purchases, judgments, compensated absences, or from 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. The department has no encumbrances outstanding at June 30, 1996. Had there been any outstanding encumbrances, they would not have been reflected in the accompanying financial statements because the department does not have the ability to finance the liquidation of encumbrances after June 30, 1996, as provided by LSA-R.S. 39:82.

H. BUDGET PRACTICES

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

1. The budget process for the General Appropriation Fund 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 reconciled with the respective amounts shown on Statement C as follows:



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December 13, 1996

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

HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of Elections and Registration, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 13, 1996.

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 statements are free of material misstatement.

Compliance with laws and regulations applicable to the Department of Elections and Registration is the responsibility of the department's management. As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of the department's compliance with certain provisions of laws and regulations. However, the objective of our audit of the special purpose financial statements 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 the following instance of noncompliance that, although not material to the financial statements, is required to be reported herein under *Government Auditing Standards*. On June 21, 1996, the Department of State Civil Service (Civil Service) cited the Department of Elections and Registration for allowing 21 employees to work full-time hours even though these positions were authorized by Civil Service as part-time positions. On July 29, 1996, the Department of Elections submitted a plan of corrective action to Civil Service, which was subsequently approved by Civil Service on August 13, 1996.

We considered this instance of noncompliance in forming our opinion on whether the special purpose (legal basis) financial statements of the Department of Elections and Registration are presented fairly, in all material respects, in conformity with procedures prescribed by the Office of the Governor, Division of Administration, which is a comprehensive basis of accounting other

EXHIBIT B

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

Statement B expenditures	\$32,672,040
Add - prior-year payroll accrual excluding \$125,010 of supplemental pay	353,537
Less - current-year payroll accrual	<u>(337,242)</u>
Statement C expenditures	<u>\$32,688,335</u>

2. The department is prohibited by statute from over expending the program levels established in the general appropriation act.
3. 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 16 of 1995)	\$27,651,339
Increases for the Elections and Voter Registration programs	<u>10,342,989</u>
Total budget amount	<u>\$37,994,328</u>

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

I. 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 is used to compute retirement benefits. The liability for unused annual leave payable at June 30, 1996, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be \$832,932. The leave payable is not recorded in the accompanying special purpose financial statements.

Certain employees of the department are eligible to earn compensatory time as defined by the Department of State 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 360 hours of accrued compensatory leave from one calendar year to another. The liability for accrued compensatory leave at June 30,

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

1996, computed in accordance with GASB Codification Section C60.105, is estimated to be \$33,351. 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 or results of operations. Neither is such data comparable to a consolidation.

2. PAYABLES

The following is a summary of payables at June 30, 1996:

	Appropriated Fund - General Appropriation	Non- Appropriated Fund - Payroll Clearing	Total
Accounts payable	\$1,026,986		\$1,026,986
Accrued payroll	337,242		337,242
Payroll deductions payable		\$67,720	67,720
Accrued employee benefits payable		58,148	58,148
Total	<u>\$1,364,228</u>	<u>\$125,868</u>	<u>\$1,490,096</u>

3. PENSION PLANS

Substantially all employees of the department are members of two statewide, public retirement systems. Parish registrars and their employees are generally members of the Louisiana Registrar of Voters Retirement System (RVRS), a multiple employer, defined benefit pension plan and classified/unclassified state employees are members of the Louisiana State Employees Retirement System (LASERS), a multiple employer, defined benefit pension plan. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Contributions to the system are funded through employee contributions and an employer contribution. The 1996 employer contribution to LASERS was \$401,986. The Public Retirement System's Actuarial Committee decided that no employer contribution was required for the RVRS for the year ended June 30, 1996. The total current-year payroll of the department was \$8,061,474, and current-year payroll covered by the retirement systems was

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

\$5,881,041. Aggregate pension cost for the year paid to RVRS and LASERS was \$177,182 and \$653,232, respectively.

The employee contribution rate is established by state statute. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in LSA-R.S. 11:102. Employees contribute 7 percent (RVRS) and 7.5 percent (LASERS) of covered salaries, and the state is required to contribute 11.9 percent (LASERS) of covered salaries to the system. The department's employer contribution is funded by the State of Louisiana through the annual appropriation to the department. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

**4. 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, 1996, the costs of retiree benefits totaled \$220,377.

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

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund 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.

6. LEASE OBLIGATIONS

Capital leases, which under generally accepted accounting principles would be an asset and liability of the department, are not reflected in the accompanying special purpose financial statements. The department has capital leases under which it is acquiring data processing equipment. The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 1996.

LEGISLATIVE AUDITOR

HONORABLE JERRY M. FOWLER
COMMISSIONER OF ELECTIONS
DEPARTMENT OF ELECTIONS AND REGISTRATION
STATE OF LOUISIANA

Internal Control Report

December 13, 1996

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procedures for the purpose of expressing our opinion on the special purpose financial statements 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/or irregularities 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 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 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 G. Kyle, CPA, CFE
Legislative Auditor

VWW:THC:dl

(ELECTION)

EXHIBIT A