

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Office of the Lieutenant Governor
State of Louisiana
Baton Rouge, Louisiana

February 26, 1997



Financial and Compliance Audit Division

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

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**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1990
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.

February 26, 1991

OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA

Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedules

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

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December 20, 1990

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

**HONORABLE KATHLEEN BABINEAUX BLANCO
LIEUTENANT GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana**

We have audited the accompanying special purpose (legal basis) financial statements of the Office of the Lieutenant Governor, an office within Louisiana state government, as of and for the year ended June 30, 1990, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Office of the Lieutenant Governor. 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 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 Office of the Lieutenant Governor. As such, they present the appropriated and non-appropriated activity of the office that are part of the accounts and fund structure of the State of Louisiana. 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 acts and other state laws and regulations.

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 Office of the Lieutenant Governor at June 30, 1990, and the transactions of the General Appropriation Fund for the year then ended, on the basis of accounting described in notes 1-8.

LEGISLATIVE AUDITOR

HONORABLE KATHLEEN BARNEAUX BLANCO
LIEUTENANT GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
Audit Report, June 30, 1999

In accordance with Government Auditing Standards, we have also issued a report dated December 30, 1998, on our consideration of the Office of the Lieutenant Governor's internal control structure and a report dated December 30, 1998, 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 Office of the Lieutenant Governor taken as a whole. 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 24:518, our report is intended for the information and use of the office 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

MO:FWMR:J

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OFFICE OF THE LEUTENANT GOVERNOR
 STATE OF LOUISIANA
 ALL APPROPRIATED AND
 NON-APPROPRIATED FUNDS

Balance Sheet (Legal Basis), June 30, 1999

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - PAYROLL CLEARING	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash (note 1-C)	\$76,000	\$0,179	\$76,179
Receivables - due from:			
State General Fund	23,570		23,570
Federal government	129,773		129,773
Fees and self-generated	25,880		25,880
Other agencies	29,323		29,323
Others	14,804		14,804
TOTAL ASSETS	\$309,850	\$0,179	\$310,029
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$176,000		\$176,000
Payroll payable	18,884		18,884
Payroll deductions payable		23,929	23,929
Accrued employee benefits		5,290	5,290
Other liabilities	14,804		14,804
Total Liabilities	\$209,688	\$1,719	\$211,407
Fund Equity - unreserved - appropriated (note B)	\$97,425	NONE	\$97,425
TOTAL LIABILITIES AND FUND EQUITY	\$309,850	\$0,179	\$310,029

The accompanying notes are an integral part of this statement.

OFFICE OF THE LIEUTENANT GOVERNOR
 STATE OF LOUISIANA
 GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
 Changes in Fund Balance (Legal Basis)
 For the Year Ended June 30, 1998

REVENUES	
State General Fund	\$381,904
Federal funds	2,162,253
Fees and self-generated revenues	278,322
Interagency receipts	<u>966,384</u>
Total revenues	<u>3,213,783</u>
EXPENDITURES	
Personal services	279,908
Travel	8,978
Operating services	87,243
Supplies	4,895
Other charges (note B)	2,078,489
Capital outlay	14,821
Interagency transfers	<u>11,283</u>
Total expenditures	<u>3,054,488</u>
EXCESS OF REVENUES OVER EXPENDITURES	159,295
FUND BALANCE AT BEGINNING OF YEAR	52,265
ADJUSTMENT (note T)	<u>(118,105)</u>
FUND BALANCE AT END OF YEAR	<u>\$97,425</u>

The accompanying notes are an integral part of this statement.

OFFICE OF THE LIEUTENANT GOVERNOR
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, 1998

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
State General Fund	\$592,012	\$581,504	(\$10,508)
Emergency transfers	641,508	385,504	(256,004)
Fees and self-generated revenues	505,000	378,333	(126,667)
Federal funds	2,815,963	2,222,867	(593,096)
Total revenues	<u>4,554,483</u>	<u>3,578,208</u>	<u>(\$962,275)</u>
EXPENDITURES			
Appropriated for			
administrative	282,012	282,000	1,000
Grants	1,889,218	2,895,203	1,006,000
Total expenditures	<u>2,171,230</u>	<u>3,177,203</u>	<u>1,004,973</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR	<u>None</u>	<u>\$401,005</u>	<u>\$401,005</u>

The accompanying notes are an integral part of this statement.

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 1998**

INTRODUCTION

The Office of the Lieutenant Governor is an office within the State of Louisiana reporting entity. The office was created in accordance with Article 4, Section 8 of the Louisiana Constitution of 1974, as a part of the executive branch of government. As set forth by the state constitution, the lieutenant governor serves as governor in the event of a vacancy in the Office of the Governor; serves as an ex-officio member of each committee, board, and commission on which the governor serves; and exercises any powers delegated to her by the governor in the performance of her assigned duties. Act 124 of 1988 placed the Louisiana Department of Culture, Recreation and Tourism under the control of the Office of the Lieutenant Governor. The Louisiana Department of Culture, Recreation and Tourism is responsible for the preservation and promotion of Louisiana's cultural attractions, state parks, and the development of tourism. The lieutenant governor has the authority to appoint the secretary and undersecretary of the Louisiana Department of Culture, Recreation and Tourism, as well as an assistant secretary for each office in the department. The staff of the Office of the Lieutenant Governor consists of 71 full-time employees at June 30, 1998. The financial statements and audit report pertain for the Louisiana Department of Culture, Recreation and Tourism are reported separately and are not included in this report.

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 an office within 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 Office of the Lieutenant Governor uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position of its non-appropriated fund. 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

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

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:

GENERAL APPROPRIATION FUND

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

NON-APPROPRIATED - PAYROLL CLEARING FUND

The Payroll Clearing Fund accounts for payroll deductions and accrued benefits. The Payroll Clearing Fund is custodial in nature (assets equal liabilities) and does 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 office. 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.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the office and not necessarily when the fund liability has been incurred.

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

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

Revenues

The state General Fund appropriation is recognized in the amounts appropriated, to the extent withdrawn from the state treasury. Fees and self-generated revenues and interagency receipts are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year. Federal funds are recognized as revenue in the period in which they become susceptible to accrual or when the related expenditure is incurred.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employee 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 consists of \$66,687 on deposit with the state treasury. Cash balances are held and controlled by the state treasurer and 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:

FACS means of finance	\$4,836
FACS operating	72,372
Payroll clearing	<u>8,179</u>
Total	<u>\$66,687</u>

D. GENERAL FIXED ASSETS

At June 30, 1988, the office has stewardship responsibility for \$87,780 in governmental movable property, valued at historical cost at the time of acquisition. The movable property is not reflected in the accompanying special purpose financial statements. A summary of changes in movable property follows:

OFFICE OF THE LIEUTENANT GOVERNOR
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

<u>Balance</u> <u>July 1,</u> <u>1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30,</u> <u>1996</u>
<u>\$97,569</u>	<u>\$23,722</u>	<u>\$23,637</u>	<u>\$97,654</u>

The office has complied with the movable property statutes of the State of Louisiana as required by Louisiana Revised Statutes (LSA-R.S.) 38:321-332.

E. LONG-TERM OBLIGATIONS

The office 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 office arising from lease commitments, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

F. ENCUMBRANCE ACCOUNTING

Encumbrances represent commitments relating to unperformed contracts for goods or services. The office employs encumbrance accounting during the year to ensure compliance with the annual appropriation act. Encumbrances are not included in the accompanying financial statements because LSA-R.S. 38:82 and the annual appropriation act do not allow the office to charge encumbrances against its current-year appropriations, the basis upon which the accompanying financial statements have been prepared. The office has encumbrances of \$135,539 at June 30, 1996.

G. BUDGET PRACTICES

The appropriation made for the general operations of the office is an annual lapping appropriation valid for one year and is recorded in the General Appropriation Fund. Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-B, except that accruals of payroll at fiscal year-end are not recognized as revenues and expenditures on Statement C. Revenues and expenditures per Statement B are reconciled with amounts reflected on the budget comparison, Statement C, as follows:

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Revenues per Statement B	\$3,217,783
Fiscal year:	
1994-95 cash carryover	61,545
1995-95 payroll accrual - federal portion	(7,311)
1994-95 payroll accrual - federal portion	<u>8,180</u>
Revenues per Statement C	<u>\$3,278,187</u>
Expenditures per Statement B	\$3,054,459
Fiscal year:	
Payable adjustment	(727)
1995-95 payroll accrual	(19,854)
1994-95 payroll accrual	<u>15,469</u>
Expenditures per Statement C	<u>\$3,850,337</u>

The office is prohibited by statute from overspending the categories 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 10 of 1995	\$2,130,731
Increase:	
State General Fund - administrative	43,818
Interagency transfer - grants	225,404
Federal funds - grants	<u>1,872,455</u>
Total	<u>\$4,272,222</u>

The non-appropriated fund is not subject to budgetary control.

H. 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 leave payable at June 30, 1995, computed in accordance with the Codification of

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Governmental Accounting and Financial Reporting Standards Section 260.105, is estimated to be \$14,099. The leave payable is not recorded in the accompanying financial statements.

Certain employees of the office 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, 1995, computed in accordance with GASB Codification Section 260.105, is estimated to be \$467. Accumulated compensatory leave is not accrued (reflected) in the accompanying special purpose financial statements.

L 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. PENSION PLAN

Substantially all employees of the office are members of the Louisiana State Employees Retirement System (LASERS), a multiple-employer, defined benefit pension plan. Required disclosures for the plan for fiscal year 1995 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Division of Administration, Post Office Box 9-0995, Baton Rouge, Louisiana 70804-0995.

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

The office provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the office's employees become eligible for these benefits if they reach normal retirement age while working for the office. 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 office. The office'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, 1995, the costs of retiree benefits totaled \$0,128 for one retiree.

**OFFICE OF THE LEUTENANT GOVERNOR
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

**4. 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.

The office has received federal grants for specific purposes that are passed through to subgrantees and are subject to audit and review by the grantor agencies. As a result of a review by the Office of Inspector General of the Corporation for National Service and an audit by a certified public accounting firm, costs in the amount of \$85,140 were questioned as not being allowable charges to the grant by a subgrantee, New Orleans Youth Action Corps (NOYAC). The Office of Lieutenant Governor is contingently liable for the repayment of these costs should NOYAC be unable to resolve these questioned costs. This amount is not accrued in the accompanying financial statements.

5. LEASE OBLIGATIONS

The office has no material capital or operating leases as of June 30, 1996. The office paid building, equipment, and other rent of \$21,032 during fiscal year ended June 30, 1996.

**6. UNRESERVED - UNDESIGNATED
FUND BALANCE**

As shown on Statement A, at June 30, 1996, the office has an unreserved - undesignated fund balance of \$67,425. Under provisions of the annual appropriation act, this amount, after adjustment, should be lapse in the state treasury.

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

An adjustment of \$116,155 to the beginning fund balance of the General Appropriation Fund, as shown on Statement B, resulted from prior year expenditure adjustments.

8. OTHER CHARGES

In accordance with instructions of the Division of Administration, State Budget Office, certain expenditures of the office are designated as other charges. The other charges expenditures, as shown on Statement B and detailed on Schedule 2, totaled \$3,676,689.

**OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Under generally accepted accounting principles, these expenditures would have been recognized within their proper expenditure categories and objects.

9. INCOME NOT AVAILABLE

During fiscal year 1996, the office collected \$1,248 identified by the Division of Administration, State Budget Office, as income not available that was remitted to the state treasury.

Interest	\$475
Refund of expenditures	<u>1,074</u>
Total	<u>\$1,248</u>

10. DEFERRED COMPENSATION PLAN

Certain employees of the office 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.

11. FOUNDATION

The Foundation for the Mid South, Inc., (the Foundation) is a not-for-profit organization serving the states of Arkansas, Louisiana, and Mississippi. An account was set up with the Foundation to provide private sector and individual donors with a tax-deductible receipt for their contributions to the Delta Service Corps. These donated funds are used in lieu of the state's funds to match federal grant monies provided to the Office of the Lieutenant Governor for post service benefits for educational and related purposes for eligible corps members.

The Foundation is a legally separate entity which is audited biannually by an independent certified public accountant. The Office of the Lieutenant Governor does not appoint a voting majority of the Foundation's board, nor is the Foundation fiscally dependent upon the Office of Lieutenant Governor. In accordance with the Articles of Incorporation and Bylaws of the Foundation, the Foundation shall have ultimate control over all property in the fund and the income derived therefrom. These funds are, therefore, excluded from the Office of the Lieutenant Governor's financial statements.

OFFICE OF THE LIEUTENANT GOVERNOR
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 OTHER CHARGES

Other charges expenditures for the General Appropriation Fund for the year ended June 30, 1996, are detailed on Schedule 2.

OFFICE OF THE LEUTENANT GOVERNOR
STATE OF LOUISIANA
NON-APPROPRIATED - PAYROLL CLEARING FUND

Schedule of Changes in Balance
For the Year Ended June 30, 1999

BALANCE AT BEGINNING OF YEAR	\$5,827
ADDITIONS	
Payroll deduction deposits	<u>168,330</u>
Total	174,157
DEDUCTIONS	
Payroll deduction disbursements	<u>(168,028)</u>
BALANCE AT END OF YEAR	<u>\$9,179</u>

OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Schedule of Other Charges
For the Year Ended June 30, 1998

Salaries	\$125,000
Other compensation	11,787
Related benefits	21,070
Travel	21,138
Operating services	13,320
Supplies	4,100
Professional services	27,264
Acquisitions	3,485
Pass-through funds to subgrantees	<u>3,444,608</u>
Total Other Charges	<u>\$2,876,489</u>

**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 the 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.



OFFICE OF
LEGISLATIVE AUDITOR
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December 20, 1996

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

HONORABLE KATHLEEN BARRHEAUX BLANCO
LIEUTENANT GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Office of the Lieutenant Governor, an office within Louisiana state government, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 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 Office of the Lieutenant Governor 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 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. 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 Office of the Lieutenant Governor 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 procedures for the purpose of expressing our opinion on the special purpose financial statements and not to

LEGISLATIVE AUDITOR

HONORABLE KATHLEEN BABINEAUX BLAMOD
LIEUTENANT GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA

Internal Control Report

December 20, 1989

Page 2

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 specific 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 office 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

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December 30, 1998

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

HONORABLE KATHLEEN BABINEAUX BLANCO
LIEUTENANT GOVERNOR
OFFICE OF THE LIEUTENANT GOVERNOR
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Office of the Lieutenant Governor, an office within Louisiana state government, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 30, 1998.

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 Office of the Lieutenant Governor is the responsibility of the office's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Office of the Lieutenant Governor'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 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 office 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. Kye, CPA, CFE
Legislative Auditor

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