

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

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

December 22, 1997



*Financial and Compliance Audit Division*

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

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**LEGISLATIVE AUDITOR**

**Daniel S. Kyle, Ph.D., CPA, CFE**

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

**Special Purpose Financial Statements  
and Independent Auditor's Report  
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 22, 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, 1997  
With Supplemental Information Schedules

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
Independent Auditor's Report on the Financial Statements		3
<b>Special Purpose Financial Statements:</b>		
Balance Sheet (Legal Basis) - All Appropriated and Non-Appropriated Funds	A	4
<b>General Appropriation Fund</b>		
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
	<b>Schedule</b>	<b>Page No.</b>
<b>Supplemental Information Schedules - Non-Appropriated Funds:</b>		
Schedule of Changes in Balance - Payroll Clearing Fund	1	18
Schedule of Non-Appropriated Revenues - Income Not Available	2	19
	<b>Exhibit</b>	
<b>Other Report Required by Government Auditing Standards - Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Special Purpose Financial Statements</b>		
	A	



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December 11, 1997

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, 1997, as stated in the foregoing table of contents. These special purpose financial statements are the responsibility of management of the Department of Elections and Registration. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governors' 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose 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.

LEGISLATIVE AUDITOR

HONORABLE JERRY M. FOWLER  
COMMISSIONER OF ELECTIONS  
DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
Audit Report, June 30, 1997

In our opinion, the special purpose financial statements referred to previously 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, 1997, and the transactions of the General Appropriation 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 11, 1997, on our consideration of the Department of Elections and Registration's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are not a required part of the special purpose financial statements of the Department of Elections and Registration. 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 24:515, 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

PWP:THC:al

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

Balance Sheet (Legal Basis), June 30, 1997

	APPROPRIATED	NON-APPROPRIATED		TOTAL
	FUND - GENERAL ADMINISTRATION	FUND - CLEANING	FUND - MORALE	MEMORANDUM FUND
<b>ASSETS</b>				
Cash (note 1-C)	\$498,481	\$125,830		\$624,311
Receivables:				
Fees and self-generated revenues	1,208,687			1,208,687
Other	87,651		\$2,758	89,981
Inventory of materials and supplies	1,899,794			1,899,794
<b>TOTAL ASSETS</b>	<u>\$3,426,583</u>	<u>\$125,830</u>	<u>\$2,758</u>	<u>\$3,555,171</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<b>Liabilities:</b>				
Payables (note 2)	\$1,151,948	\$125,830		\$1,277,778
Advances from state treasury (note 4)	267,780			267,780
Due to state General Fund	679,473		\$2,758	682,231
Total Liabilities	<u>1,899,201</u>	<u>125,830</u>	<u>2,758</u>	<u>2,027,789</u>
<b>Fund Equity - fund balances:</b>				
Reserve for inventory of materials and supplies	1,899,794			1,899,794
Memorandum - undesignated (note 5)	<u>(781,452)</u>			<u>(781,452)</u>
<b>Total Fund Equity</b>	<u>1,899,852</u>	<u>None</u>	<u>None</u>	<u>1,899,852</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$3,825,985</u>	<u>\$125,830</u>	<u>\$2,758</u>	<u>\$3,954,573</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, 1997

**REVENUES**

Appropriated by legislature:	
State General Fund	\$39,177,027
State General Fund by fees and self-generated revenues	<u>3,039,151</u>
Total revenues	<u>\$42,216,178</u>

**EXPENDITURES**

Appropriated expenditures:	
Administrative Program	1,177,490
Voting Machines Program	3,872,462
Voter Registration Program	6,335,879
Election Program	<u>18,559,891</u>
Total expenditures	<u>\$21,044,892</u>

<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	21,216,178
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	1,682,086
<b>DECREASE IN RESERVE FOR INVENTORY</b>	(588,542)
<b>ADJUSTMENT (note 10)</b>	<u>(2,457)</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$1,662,362</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  
Unexpended Appropriation - Budget  
Comparison of Current-Year Appropriation -  
Budget (Legal Basis) and Actual  
For the Year Ended June 30, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (DEFICIT)
<b>REVENUES</b>			
Appropriated by Legislature			
State General Fund	\$28,694,648	\$28,177,827	(\$516,821)
State General Fund by fees and self-generated revenues	4,775,008	3,028,193	(1,746,815)
Total appropriated revenues	<u>33,469,656</u>	<u>31,206,020</u>	<u>(\$2,263,636)</u>
<b>EXPENDITURES</b>			
Appropriated for:			
Administrative Program	1,209,854	1,175,842	34,012
Voting Machines Program	2,815,515	3,893,527	1,078,012
Voter Registration Program	7,775,827	6,244,818	1,531,009
Ballot Box Program	22,889,477	18,888,255	4,001,222
Total appropriated expenditures	<u>34,690,673</u>	<u>30,202,442</u>	<u>(\$4,488,231)</u>
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<u>(1,221,017)</u>	<u>\$1,003,578</u>	<u>\$2,224,595</u>

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1987

**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 10, Chapter 2 of the Louisiana Revised Statutes of 1958, 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 1987, the department had 93 regular employees; 68 warehouses; 3,608 precincts; and 2,405 polling places throughout the state. The department administered the following number of elections during the year: 2 statewide, 640 parish/municipal primaries, 107 parish/municipal general, 138 special recourees, and 380 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 expenditures 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 with applicable statutory provisions and regulations of the Division of Administration,

DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

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.

**D. CASH**

Cash is composed of the following:

Under control of the department:	
Petty cash (on hand)	\$100
Cash in demand accounts	138,583
Cash on deposit with the state treasury	<u>438,428</u>
Total	<u>\$677,111</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 deposit with the fiscal agent. These pledged securities are held in the name of the

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

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 \$213,158 at June 30, 1997, for which the department has control. These deposits are fully secured from risk by \$100,000 of federal deposit insurance (GAAP Risk Category 1) and \$113,158 of pledged securities held in the name of the pledging fiscal agent bank (GAAP 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	\$33,590
ES&I operating account	278,838
Payroll clearing	<u>125,830</u>
<b>Total</b>	<b><u>\$438,258</u></b>

**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, 1997, the department has stewardship responsibility for \$28,784,476 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, 1996	Additions	Deletions	Balance June 30, 1997
Movable property	<u>\$28,115,586</u>	<u>\$7,694,890</u>	<u>\$7,045,018</u>	<u>\$28,764,478</u>

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

**Notes to the Financial Statements (Continued)**

Much of the \$7,994,660 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.

Except for untimely reporting of property acquisitions to the Louisiana Property Assistance Agency, the Department of Elections and Registration has complied with the movable property statutes of the State of Louisiana (R.S. 39:321-332).

**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, 1997. 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, 1997, as provided by 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 recognized with the respective amounts shown on Statement C as follows:

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

Statement B expenditures	\$31,044,682
Add - prior-year payroll accrual	327,243
Less - current-year payroll accrual	<u>(372,528)</u>
Statement C expenditures	<u>\$31,009,404</u>

- The department is prohibited by statute from over 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)	\$35,125,568
Increase for the Elections and Voter Registration programs	<u>323,086</u>
Total budget amount	<u>\$35,462,644</u>

- 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, 1997, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 880.105, is estimated to be \$670,084. 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 hour 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, 1997, computed in accordance with GASBS Codification Section 880.105, is estimated

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

**Notes to the Financial Statements (Continued)**

to be \$52,429. 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, 1997:

	Appropriated Fund - General	Non- Appropriated Fund - Payroll	Total
	<u>Approximate</u>	<u>Clearing</u>	
Accounts payable	\$180,838		\$180,838
Accrued payroll	372,630		372,630
Payroll deductions payable		398,448	398,448
Accrued employee benefits payable		58,182	58,182
Total	<u>\$1,150,346</u>	<u>\$125,670</u>	<u>\$1,276,016</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 Register 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. Required disclosures for LASERS for fiscal year 1997 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Division of Administration, Post Office Box 64066, Baton Rouge, Louisiana 70804-6066.

Contributions to the RVRS are funded through employee contributions and an employer contribution. However, the Public Retirement System's Actuarial Committee decided that no employer contribution was required for the RVRS for the years ended June 30, 1997, 1998, and 1999. The employee contribution rate of 7 percent is established by state statute. The department's employer contribution, if required, would be funded by the State of Louisiana through the annual appropriation to the department.



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

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 those 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 retirees health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1997, the costs of retiree benefits totaled \$226,771.

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

The department has noncancelable operating leases. The future annual operating lease payments are presented as follows:

Fiscal Year	Equipment	Warehouse	Total
1997-98	\$340,000	\$500,000	\$840,000
1998-99		334,049	334,049
1999-00		268,330	268,330
2000-01		182,372	182,372
2001-02		45,697	45,697
Total	<u>\$340,000</u>	<u>\$1,230,335</u>	<u>\$1,605,667</u>

All lease agreements have non-appropriation escrowatory 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, 1997, totaled \$1,879,149. There were no capital leases for fiscal year ended June 30, 1997.

DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

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 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, 1997:

Balance at July 1, 1995	\$2,645,851
Reclassification of prior year installment purchases previously reported as capital leases	1,689,150
Installment purchases - current year	1,612,777
Installment payments - current year	<u>(2,063,802)</u>
Installment purchases payable at June 30, 1997	<u>\$4,103,800</u>

The following is a summary of future minimum installment payments as of June 30, 1997:

Fiscal year:	
1997-98	\$8,854,833
1998-99	1,520,315
1999-00	892,945
2000-01	<u>45,812</u>
Net minimum installment payments	<u>11,313,905</u>
Less - amount representing interest	<u>(7,425,307)</u>
Present value of net minimum installment payments	<u>\$3,888,598</u>

The installment purchase agreements have non-accrual 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 \$297,700. The advances, as reflected in the accompanying statements, represent a liability to the department and must be repaid if not authorized annually.

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

**9. DEFICIT FUND BALANCE**

The General Appropriation had a deficit of \$167,402 for the year ended June 30, 1997. 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. This deficit will be resolved by paying for salaries and related benefits from fiscal year 1998 funds appropriated to pay those obligations of the 1995-97 fiscal year.

**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 the adjustment of prior year expenditures in the amount of \$2,457.

**11. 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  
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.

**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.

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

Schedule of Changes in Balance  
For the Year Ended June 30, 1997

BALANCE AT BEGINNING OF YEAR	\$125,000
ADDITIONS	
Payroll deposits	<u>3,303,000</u>
Total	3,428,000
DEDUCTIONS	
Payroll deduction disbursements	<u>(3,303,000)</u>
BALANCE AT END OF YEAR	<u>\$125,000</u>

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, 1997

	CASH RECEIPTS THROUGH JUNE 30, 1997	ACCOUNTS RECEIVABLE AT JUNE 30, 1997	TOTAL REVENUE
Income not available - election expenses reimbursed	<u>\$144,250</u>	<u>\$2,708</u>	<u>\$146,958</u>

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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



EMILIE C. ROSSIGNOL, CPA, CFF  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-6977

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December 11, 1997

Report on Compliance and on Internal Control Over  
Financial Reporting Related to 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, 1997, and have issued our report thereon dated December 11, 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 Elections and Registration's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 the following instance of noncompliance that, although not material to the financial statements, is required to be reported herein under Government Auditing Standards.

**Noncompliance With Movable Property  
Regulations**

The Department of Elections and Registration did not have adequate procedures to ensure that the movable property master listing was updated in a timely manner as prescribed by the Commissioner of Administration and Louisiana law. In our test of 95 randomly selected movable property acquisitions totaling \$437,885, all 16 (100 percent) of the acquisitions were not updated on the state movable property master listing within 60 days of the receipt of the reportable property. The acquisitions were updated on the master file from 49 to 342 days after the forms were received.



## LEGISLATIVE AUDITOR

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

Compliance and Internal Control Report

December 11, 1997

Page 2

Louisiana Revised Statute (R.S.) 39:324(B) requires the department to maintain a master inventory listing of movable property and requires the property manager to update the listing on a monthly basis by submitting all property transactions to the commissioner. The department maintains and updates its master inventory listing through the Louisiana Property Assistance Agency's (LPAA) computerized property control system. Louisiana Administrative Code, Title 34, Chapter 3, Section 3074 requires the department to tag acquisitions and forward information to LPAA within 45 days after receipt of property.

Failure to update movable property in a timely manner increases the risk of loss from unauthorized use of the property, subjects the department to noncompliance with state laws and regulations, and results in improper financial reporting of assets.

The Department of Elections and Registration should develop and implement controls to ensure that all updates to the movable property master file are submitted monthly to the Commissioner of Administration in accordance with R.S. 39:324(B) and that pertinent information for each movable property item is submitted within 45 days of acquisition to LPAA. In a letter dated December 11, 1997, Mr. Jerry M. Fowler, Commissioner of Elections, stated that the department concurred with the finding and recommendation. The department is currently in the process of revising its movable property management procedures to ensure that all movable property is tagged and the information is submitted timely to LPAA.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department of Election and Registration'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.

LEGISLATIVE AUDITOR

HONORABLE JERRY M. FOWLER  
COMMISSIONER OF ELECTIONS  
DEPARTMENT OF ELECTIONS AND REGISTRATION  
STATE OF LOUISIANA  
Compliance and Internal Control Report  
December 11, 1997  
Page 3

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, CFC  
Legislative Auditor

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2/2/98