

NOTES TO FINANCIAL STATEMENTS

employer contributions to LASERS and TRS for the years ending June 30, 1995, 1995, and 1994, which were equal to the required contributions for each year, were as follows:

<u>June 30,</u>	<u>LASERS</u>	<u>TRS</u>	<u>Total</u>
1995	\$ 836,074	\$ 11,089	\$ 847,163
1995	899,180	11,063	910,243
1994	775,975	9,125	785,100

NOTE 3. CASH IN BANK

Under State law, the Senate, State of Louisiana may deposit funds in an approved bank located in the State selected and designated by the presiding officer of the Senate. These public 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 bank.

At June 30, 1995, the carrying amount of the Senate's cash accounts and certificates of deposit was \$661,730 and the bank balance was \$1,175,129. Of the bank balance, \$299,000 was covered by federal depository insurance and \$876,129 was covered by collateral held by the pledging bank's agent in the Senate's name.

	<u>Carrying</u> <u>Balance</u>	<u>Bank</u> <u>Balance</u>	<u>FDC</u> <u>Insurance</u>	<u>Pledged</u> <u>Collateral</u>
Cash in Bank	\$ 425,447	\$ 687,098	\$ 110,976	\$ 1,223,521
Certificates of Deposit	490,000	490,000	490,000	-
Cash, restricted agency accounts	___ 22,283	___ 21,234	___ 21,234	-
Total	\$ 937,730	\$ 1,208,332	\$ 622,210	\$ 1,223,521

NOTE 4. FURNITURE, FIXTURES, AND EQUIPMENT

At June 30, 1995 the Senate, State of Louisiana has an inventory totaling \$3,412,490 of furniture, fixtures, and equipment or movable property. The following summarizes transactions during the year:

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1995</u>
Movable property	\$ 3,408,153	\$ 297,563	\$ 293,226	\$ 3,412,490

NOTES TO FINANCIAL STATEMENTS

The activities in the restricted agency accounts for the year ended June 30, 1996 can be summarized as follows:

	Balance July 1, 1995	Interest Income	Balance June 30, 1996
Governor Study Commission on Ports	\$ 61,804	\$ -	\$ 61,804
Louisiana Advisory Commission of Intergovernmental Relations	12,869	400	13,269
Joint Legislative Committee on Health & Human Resources	339	-	339
1984 Conference on Energy Issues	2,245	-----	2,245
	\$ 29,857	\$ 400	\$ 30,257

NOTE 2. RETIREMENT SYSTEM

Plan Description

Substantially all employees and members of the Senate participate in the Louisiana State Employees' Retirement System (LASERS) or the Teachers' Retirement System of Louisiana (TRS), both of which are cost sharing, multiple-employer defined benefit pension plans administered by a separate Board of Trustees. The plans provide retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS and TRS issue publicly available financial reports that include financial statements and required supplementary information. The reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (504) 382-0600; or by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, or by calling (504) 325-8440.

Funding Policy

Plan members of the Senate are required by state statute to contribute 7.5%, 8%, 9.0% or 10% of their annual covered salary to LASERS and TRS, respectively and the Senate (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 12% and 18.5% of annual covered payroll for LASERS and TRS, respectively. The contribution requirements of plan members and the employer are established by, and amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Senate's

NOTES TO FINANCIAL STATEMENTS

Special statement to more accurately reflect Senate responsibilities. These funds are managed by Senate personnel, but are restricted to the use by the following commissions:

The Governor's Study Commission on Ports

Senate Concurrent resolutions 107 of the 1992 Regular Session and 37 of the 1993 Regular Session called for a Special Task Force on the Future of the Port of New Orleans, thus the Governor's Study Commission on Ports was created and funded by a \$15,000 grant from the Louisiana Department of Transportation and Development on April 1992.

Louisiana Advisory Commission on Intergovernmental Relations

This account was formed by an initial investment from the Louisiana Municipal Association of \$1,900 in February 1968. A checking account and Certificate of deposit comprise the assets of this account.

Joint Legislative Committee on Health & Human Resources

When the Joint Legislative Committee on Health & Human Resources ceased operations in 1977, funds were left in this account to cover outstanding checks. Subsequent to year end, Management has requested that these funds be credited to the State of Louisiana, Office of the Treasurer.

1984 Conference on Energy Issues

The 1984 Conference on Energy Issues was organized and hosted by The Energy Development Study Commission which was a legislatively-created body made up of legislators, state agency and private sector representatives. The funds deposited into the checking account were generated by registration fees for the conference and checks were issued for the related expenses of the conference. The account was kept open in anticipation of having another conference.

NOTES TO FINANCIAL STATEMENTS

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1996, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 610, 105, total \$584,320.

The following are the changes in general compensated absences (long-term obligations) during the year:

<u>Balance</u> <u>July 1, 1995</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 1996</u>
\$ 620,368	\$ (37,048)	\$ 583,320

H. Postretirement Benefits

The Senate, State of Louisiana provides certain health care and life insurance benefits for retired employees. Substantially all of the Senate's employees may become eligible for those benefits if they reach normal retirement age while working for the Senate. These benefits for retirees and similar benefits for active employees are provided through the State's Group Benefits Program whose monthly premiums are paid jointly by the employee and the Senate. The Senate recognizes the cost of providing these benefits as an expenditure in the year paid. For the year ended June 30, 1996, those costs totaled \$97,521 which covered 37 retired employees, funded through the legislative appropriation. Retirees pay 7% of the cost of their benefits.

I. Total Column On Balance Sheet

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Agency Accounts

Agency accounts are custodial in nature and are used to account for assets held by the Senate in an agency capacity and are reflected in the accompanying financial statements as an asset "cash, restricted agency accounts" and a corresponding liability "Due to restricted agency accounts". These accounts are not available to fund the operations of the Senate, therefore they have not been included in the Senate's previously issued financial statements. Management has included the accounts in the current year's

NOTES TO FINANCIAL STATEMENTS

E. Budgetary Practices

The Senate, State of Louisiana is required to submit to the members of the Senate an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Senate, State of Louisiana is authorized to transfer budget amounts between accounts in the General Fund. Revisions which alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end, and require that any amounts not expended or encumbered at the close of the fiscal year be returned to the State General Fund unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

The budget for the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Senate, State of Louisiana includes the prior year's fund balance represented by appropriated net assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue because it represents prior periods' excess of revenues over expenditures.

F. Encumbrances

Encumbrances are recorded when purchase orders, contracts, and other commitments for expenditures of moneys are recorded but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated. Encumbrances are an allowable charge against the current year appropriation.

G. Leave Benefits

Accumulated unpaid annual, sick, and compensatory leave are reported in the General Long-Term Obligation Account Group within the accompanying financial statements. The Senate, State of Louisiana's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the Senate's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

NOTES TO FINANCIAL STATEMENTS

The statement is intended to compare the annual budget, which is not prepared in accordance with generally accepted accounting principles with comparable expenditures for the period.

During the 1996 fiscal year, the Senate changed the reporting period from a fiscal year ending August 31, to a fiscal year ending June 30. The Senate also decided to change the method of financial reporting from the cash basis to generally accepted accounting principles. In the opinion of management, such statements more accurately reflect the activities of the Senate.

Statement II reflects an adjustment of \$209,988 to restate beginning fund balance for the change in fiscal year end. This adjustment represents the net change in cash for the months of July and August, 1995. The Senate operations of these months were included in the current year's financial statements. In order to present a full year of activity which was consistent with the appropriated revenue.

Statement II also reflects an adjustment of \$3,451,808 to restate beginning fund balance for the accounting change. This adjustment is detailed as follows:

Unwarranted appropriations, June 30, 1995	\$ 3,158,400
Accounts receivable as of June 30, 1995	28,185
Accrued interest receivable, June 30, 1995	8,358
Net operations of Senate Dining Rooms, June 30, 1995	10,878
Unwarranted accounts payable, June 30, 1995	(151,749)
Unwarranted salaries and fringe benefits payable, June 30, 1995	(228,281)
Total adjustment	\$ 3,451,808

D. Fixed Assets

The accompanying statements reflect furniture, fixtures, and equipment used by the Senate, State of Louisiana, and funded by the legislative appropriation, in daily operations. Those assets are recorded at cost in the General Fixed Asset Account Group. Fixed assets are not depreciated.

The accompanying statements do not include the value of land and buildings provided without cost to the Senate, by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

**SENATE, STATE OF LOUISIANA
STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Senate is a part of the legislative branch of government created under Article III of the 1974 Louisiana Constitution.

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Senate, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the Senate, contain sub account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues financial statements, which include the activity contained in the accompanying financial statements.

B. Fund Accounting

The Senate, State of Louisiana uses fund accounting (separate set of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The fund and account groups presented in the accompanying financial statements, and as described below, comprise the General Fund and account groups of the Senate, State of Louisiana:

Governmental Fund Type

General Fund

The General Fund is used to account for all of the Senate, State of Louisiana's general activities, including the acquisition of general fixed assets and the servicing of general long term debt. It is used to account for all activities of the Senate.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LITIGATION, CLAIMS, AND SIMILAR CONTINGENCIES

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 1990, the Senate was involved in various lawsuits relating to its function as the Senate, State of Louisiana. In the opinion of legal counsel, resolution of the litigation would not result in substantial liability to the Senate, State of Louisiana and, accordingly, is not recorded in the accompanying financial statements.

NOTE 6. PROFESSIONAL SERVICES

Professional services, reported on Statement B, include the following professional fees:

Charles E. Blalock & Associates (architectural)	\$ 7,493
H.J. Love & Company, L.L.C. (accounting and auditing)	7,125
Ungemly & Rauh (legal services)	5,113
Capital City Court Reporters (proceedings reporting)	2,900
Berndt Kasperka (employee benefits)	2,450
Charles W. Roberts (pays)	<u>852</u>
Total	<u>\$ 25,933</u>

NOTE 7. DEFERRED COMPENSATION PLAN

The State of Louisiana offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

SENATE, STATE OF LOUISIANA
INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS

Year Ended June 30, 1996

Reportable condition number 1 is a repeat finding from prior years' audits. There were no other prior year findings for which the Senate, State of Louisiana has not implemented the corrective action recommended.

Reportable conditions number 2 and 3 were not reported as reportable conditions in prior years' audits because the related activities were not included in the financial statements of the Senate, State of Louisiana.

NOTES TO FINANCIAL STATEMENTS

Account Groups

The account groups are a reporting device designed to provide accountability for certain long-term assets and liabilities that are not recorded in the funds because they do not directly affect net expendable, available financial resources.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Revenues

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available. The revenues susceptible to accrual are state appropriations and interest revenues.

The unappropriated appropriation and appropriation authorized and collected during the year are summarized as follows:

	Total Appropriation Collected	Unappropriated Appropriation as of June 30, 1995	Appropriation Authorized for the year ended June 30, 1995	Funds Collected in the year ended June 30, 1995	Unappropriated Appropriation as of June 30, 1995
Act 41, 1994 R.S.	11,895,894	3,700,400	-	3,700,400	
Act 129, 1995 R.S.	10,000,235	-----	10,000,235	5,000,000	5,000,235
		\$ 3,700,400	\$ 10,000,235	\$ 8,700,400	\$ 1,000,800

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Statement C is not intended to reflect operations of the Senate, State of Louisiana in accordance with generally accepted accounting principles in that

- (1) Re-appropriated funds from prior years are recognized as revenues in the current year;
- (2) salaries and related benefits are recognized when paid unless specific authorization is provided in the annual legislative appropriation; and
- (3) encumbrances are recorded as an expenditure when purchase orders are issued.

NOTES TO FINANCIAL STATEMENTS

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 8. INTERAGENCY TRANSFERS

Amounts paid to other governmental units for the year ended June 30, 1995, consist of payments to the House of Representatives for personal expenses in the amount of \$22,953.

Amounts received from other governmental units for the year ended June 30, 1995, consist of the following:

	Capital Dollars	Personal Services	Essential Services	Total
Legislative Budgetary Control Council	\$ 22,543	\$ 40,330	\$ 84,388	\$ 147,261
Joint Legislative Committee on the Budget	—	4,619	—	4,619
	<u>\$ 22,543</u>	<u>\$ 44,949</u>	<u>\$ 84,388</u>	<u>\$ 151,880</u>

NOTE 9. OTHER COSTS

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the operations in the State Capitol, all of which are not included in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

SENATE
STATE OF LOUISIANA

SCHEDULE OF SENATORS' PER DIEM
For the Year Ended June 30, 1966

SENATOR	TOTAL	INTERIM SESSION PER DIEM		REGULAR SESSION PER DIEM		TRAVEL PER DIEM	
		Days	Amount	Days	Amount	Days	Amount
Baggett, Dennis	\$ 8,075	28	\$ 2,400	73	\$ 5,475	20	\$ 1,200
Bayou, Orens	8,100	7	525	73	5,475	28	2,100
Benson, Luby	828	3	324	-	-	8	500
Burham, Robert J.	6,450	13	875	73	5,475	-	-
Beau, Ben	6,450	13	875	73	5,475	-	-
Blanch, Mike	5,475	-	-	73	5,475	-	-
Brinkman, Armand	75	1	75	-	-	-	-
Carr, James David	6,200	15	825	73	5,475	-	-
Campbell, Foster	6,275	8	600	73	5,475	-	-
Cassiano, Tommy	5,800	7	525	73	5,475	-	-
Cast, Jim	5,925	2	150	73	5,475	-	-
Carroll, Gerald	6,375	12	600	73	5,475	-	-
Chase, Mike	75	1	75	-	-	-	-
Chastain, Jby	6,625	14	1,050	73	5,475	-	-
Dean, Lynn	6,600	13	875	73	5,475	-	-
Dynes, B. G.	6,600	13	1,125	73	5,475	-	-
Elington, Noble	6,225	12	750	73	5,475	-	-
Evans, Francis	6,625	2	150	73	5,475	-	-
Faulk, William	6,075	8	600	73	5,475	-	-
Galbraith, Thomas	7,275	11	825	73	6,225	13	675
Gandy, John	6,375	12	900	73	5,475	-	-
Harrel, John	6,150	4	300	73	5,475	4	675
Holtzman, Francis	6,625	9	675	73	6,075	9	675
Hines, Donald	6,600	15	1,125	73	5,475	4	300
Hines, Gary	150	2	150	-	-	-	-
Holt, Ray	6,500	7	625	73	5,475	-	-
Irons, Pauline	8,175	22	1,650	73	5,475	14	1,050
Johnson, Jim	6,675	10	750	73	5,475	10	750
Johns, Charles	6,675	10	750	73	5,475	2	150
Jordan, J. Leman	5,700	3	225	73	5,475	-	-
Lambert, Louis	6,450	6	575	73	5,475	-	-
Landy, Mike	6,825	18	1,350	73	5,475	-	-
Larson, Arthur	6,225	12	750	73	5,475	-	-
Malone, Mike	6,600	7	525	73	5,475	-	-
McPherson, Joe	150	-	-	-	-	2	150
Moore, Harold	1,600	18	1,200	-	-	8	400
Moore, Carl	6,750	12	875	73	5,475	4	300
Moorehead, Michael	6,600	5	375	73	5,475	-	-
Norman, Guy	6,075	8	600	73	5,475	-	-
Orlander, Tom	6,525	12	1,200	73	5,475	-	-
Ortiz, Phil	6,500	1	75	73	5,475	-	-
Ortman, John	6,600	7	600	73	5,475	-	-
Smith, Mike	6,225	12	750	73	5,475	-	-
Stevens, Gregory	6,750	6	600	73	5,475	9	675
Thompson, Steve	75	1	75	-	-	-	-
Udo, Eric	2,675	6	525	73	6,475	20	1,175
	<u>\$ 1,285,875</u>		<u>\$ 36,375</u>		<u>\$ 271,525</u>		<u>\$ 113,725</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Randy Dwyg
Senate, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Senate, State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 23, 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.

The management of the Senate, State of Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Senate, State of Louisiana, for the year ended June 30, 1998, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters that we consider to be reportable conditions are described in the accompanying schedule of internal control structure reportable conditions.

A material weakness is a reportable 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 or irregularities in amounts that would be material in relation to the 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information of the Senate's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

December 22, 1998

SENATE
STATE OF LOUISIANA

SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
Year Ended June 30, 1996

1. Documentation of employee compensation

Condition:

There are some instances where certain employees are paid without adequate documentation that they are entitled to receive the compensation.

Criteria:

To insure that all compensation paid is remuneration for services rendered, management should be required to document that all employees are entitled to the compensation.

Effect:

The effect is such that errors could occur in paying certain employees because there is insufficient documentation in certain instances that the employees are entitled to the compensation.

Cause:

The present system does not always require the documentation prior to the release of the check.

Recommendation:

Management should modify the system to require the documentation prior to the release of the check issued as compensation for services rendered for all employees.

Response by Management:

Since this matter has been brought to the attention of management in April 1994, management has responded as follows:

The Senate and House of Representatives, when in session, require front desk and head page employees to be available seven days a week for twenty-four hours a day unless the employee is out of town or has an excused absence. Historically, because the Senators do not know how late in the day such employees may be needed, the employees are paid on the same basis as the legislators on a per diem basis. This procedure has been in place since the Senate was formed. Days available are checked by the Assistant to the Secretary and one day's per diem is deducted for any day they are not available.

SENATE
STATE OF LOUISIANA

SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
(Continued)
Year Ended June 30, 1999

2. Lack of segregation of duties in connection with Senate Dining Room Operations

Condition:

The Senate has not established adequate controls over the cash disbursements for the Senate dining room cash disbursements.

Criteria:

The responsibility for the issuance of checks and reconciliation of the bank statements are assigned to one person. Controls to ensure that the cash disbursements are accurately accounted for do not provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization.

Effect:

The effect is such that errors or misstatements in the processing of transactions and control of assets could occur and not be detected in a timely manner in the ordinary course of operations.

Cause:

The condition is due to the nature of the operations, in that the duties of disbursement and reconciliation are assigned to only one person.

Recommendation:

Management should consider having a separate person reconcile the bank statement for this operation.

Response by Management:

Management has noted this condition and has determined that the recommendation will be implemented.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Honorable Randy Bivig
Senate, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Senate, State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999.

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, regulations, contracts and grants applicable to the Senate, State of Louisiana, is the responsibility of the Senate's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Senate's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the 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 test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Senate's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROUDST, SALTER, HARPER & ALFORD, L.L.C.

PricewaterhouseCoopers, L.L.C.
December 23, 1999

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SENATE
STATE OF LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES, AND
CHANGES IN FUND BALANCE (BUDGET (LEGAL BASIS), AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 1995

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
State appropriations	\$ 12,000,000	\$ 10,000,000	\$ -
Interest income	-	50,400	50,400
Other	-	57,000	57,000
Reappropriated fund balance	5,105,500	5,105,500	-
Total revenues	17,105,500	15,212,900	1,892,600
EXPENDITURES AND ENCUMBRANCES			
Salaries	870,047	847,100	22,947
Special services	200,004	200,000	4
Interest	13,074,270	9,888,500	3,185,770
Total expenditures and encumbrances	14,144,321	10,935,600	3,208,721
EXCESS OF REVENUES OVER EXPENDITURES AND ENCUMBRANCES	2,961,179	4,277,300	1,316,121
OTHER FINANCIAL SOURCES (USES)			
Interagency transfers in	-	100,000	100,000
Interagency transfers out	-	(100,000)	100,000
Excess of revenues and other financing sources over expenditures and other financing uses	4,121,950	5,077,300	955,350
Fund balance, August 31, 1993 (as previously reported) (cash basis)	1,287,412	1,287,412	-
Less: bad cash transactions from July 1, 1993 through August 31, 1993 to reflect the change in reporting year end	205,000	205,000	-
Fund balance, June 30, 1993 (cash basis)	1,082,412	1,082,412	-
Adjustments for accounting principle change	3,813,387	3,813,387	-
Fund balance - June 30, 1994 - as restated (non-GAAP basis)	5,105,500	5,105,500	-
Less reappropriated fund balance (1)	(2,105,500)	(2,105,500)	-
Fund balance - June 30, 1994 (non-GAAP basis)	3,000,000	3,000,000	-
Adjustments to generally accepted accounting principles:			
Accrued payroll not budgeted in current year		1,000,000	
Fund balance, June 30, 1994 (GAAP basis), Statement 8		4,000,000	

(1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. This amount is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balances have been reduced by the amount to reflect the budgetary ending fund balance projected.

SENATE
STATE OF LOUISIANA

SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
(Continued)
Year Ended June 30, 1995

B. Lack of segregation of duties in connection with Senate Restricted Agency Accounts

Condition:

The Senate has not established adequate controls over safeguarding of certain bank accounts controlled by Senate personnel.

Criteria:

Because of the limited activity in these Restricted Agency Accounts, only one employee receives and reconciles the bank statements monthly.

Effect:

The effect is such that errors or misstatements in the processing of transactions and control of ASBAs could occur and not be detected in a timely manner in the ordinary course of operations.

Cause:

Although the employee does not have check signing authority, only one person monitors the accounts on a timely basis.

Recommendation:

Management should consider having a person other than the authorized signer or the person that reconciles the bank statements for these accounts receive the bank statements and review for activity prior to the bank statement reconciliation process.

Response by Management:

Management has noted this condition and has determined that the recommendation will be implemented.

SENATE
STATE OF LOUISIANA

COMBINED BALANCE SHEET - FUND TYPE AND ACCOUNT GROUPS
June 30, 1995

	Governmental Fund Type General	Account Groups		Total (Monocostum Only)
		General Fixed Assets	General Long-term Obligation	
ASSETS AND OTHER DEBIT				
Cash in bank	\$ 428,447	\$ -	\$ -	\$ 428,447
Certificates of deposit	499,808	-	-	499,808
Cash, restricted agency accounts	37,384	-	-	37,384
Accrued interest receivable	3,825	-	-	3,825
Unencumbered appropriations	5,055,800	-	-	5,055,800
Due from other legislative agencies	37,881	-	-	37,881
Accounts receivable	33,371	-	-	33,371
Furniture, fixtures, and equipment	-	3,412,468	-	3,412,468
Other debit - Amount to be provided for of compensated absences	-	-	584,320	584,320
Total assets and other debit	\$ 6,208,686	\$ 3,412,468	\$ 584,320	\$ 10,205,474
LIABILITIES, FUND EQUITY, AND OTHER CREDIT				
LIABILITIES				
Accounts payable	\$ 48,580	\$ -	\$ -	\$ 48,580
Accrued salaries and related benefits	188,184	-	-	188,184
Due to other legislative agencies	5,923	-	-	5,923
Due to restricted agency accounts	37,384	-	-	37,384
Compensated absences	-	-	584,320	584,320
Total liabilities	280,071	-	584,320	864,391
FUND EQUITY AND OTHER CREDIT				
Investment in general fixed assets	-	3,412,468	-	3,412,468
Fund balance				
Unreserved - undesignated	5,788,787	-	-	5,788,787
Total fund equity and other credit	5,788,787	3,412,468	-	9,201,255
Total liabilities, fund equity and other credit	\$ 6,208,686	\$ 3,412,468	\$ 584,320	\$ 10,205,474



INDEPENDENT AUDITOR'S REPORT

Honorable Randy Ewing
Senate, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Senate, State of Louisiana as of and for the year ended June 30, 1990, as listed in the table of contents. These financial statements are the responsibility of the Senate's management. 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. These 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 discussed in Note 1, the financial statements of the Senate, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senate, State of Louisiana, as of June 30, 1990, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule on page 17 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Senate, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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**SENATE
STATE OF LOUISIANA**

FINANCIAL REPORT

June 30, 1996

Under provisions of state law, this report is a public document. A copy of this report is to be distributed to each officer, or authorized employee, of every parish or city official, to each of the members and their immediate families of the Senate House of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Reference Date 4-2-97

Provest, Salter, Harper & Afford, L.L.C.

Certified Public Accountants

Business Offices

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New Orleans, Louisiana 70118

Phone: (504) 834-1373 Facsimile: (504) 837-8075

SENATE
STATE OF LOUISIANA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - GOVERNMENTAL FUND TYPE
 GENERAL FUND**

For the Year Ended June 30, 1996

REVENUE		
State appropriations		\$ 10,888,230
Interest		60,480
Other		57,291
		<u>10,905,999</u>
EXPENDITURES		
Personal services		8,004,288
Travel		153,137
Operating services		1,829,854
Supplies		181,366
Professional services		25,452
Telephones		415,270
Printing		159,217
Capital outlay		314,480
		<u>9,983,134</u>
Excess of revenues over expenditures		682,865
OTHER FINANCING SOURCES (USES)		
Interagency transfers in		175,750
Interagency transfers out		<u>(22,860)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		643,400
Fund balance, August 31, 1995 as previously reported (cash basis)	\$ 1,207,412	
Less: Net cash transactions from July 1, 1995 through August 31, 1995 to reflect the change in reporting year and	<u>205,068</u>	
Fund balance, June 30, 1996 (cash basis)	1,402,378	
Adjustments for accounting principle change	<u>\$ 3,451,928</u>	
Fund balance, beginning as restated		4,854,306
Fund balance, ending		<u>\$ 5,708,787</u>

in accordance with Government Auditing Standards, we have also issued a report dated December 25, 1998 on our consideration of the Senate, State of Louisiana's, internal control structure and a report dated December 23, 1998 on its compliance with laws and regulations.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

December 23, 1998