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NOTES TO FINANCIAL STATEMENTS

F. 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 office's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the office'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.

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, 1998, the combined total of annual leave and compensatory leave of up to 300 hours, for which employees could be paid upon resignation or retirement, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 650.105, total \$77,754.

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

Balance July 1, 1997	Net Change	Balance June 30, 1998
\$ 106,715	(\$ 28,961)	\$ 77,754

G. Total Column on Balance Sheet

The total column on the balance sheet overview 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.

NOTE 2. RETIREMENT SYSTEM

Plan Description

Substantially all employees and members of the Fiscal Office participate in the Louisiana State Employees Retirement System (LASERS), a cost sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provides 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 issues a publicly available financial report that includes financial statements and required supplementary

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LEGISLATIVE BUREAU

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA
FINANCIAL STATEMENTS**

June 30, 1966

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 02 1966

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

Certified Public Accountants

Business Address

654 Hotel New Orleans, Suite 101

Baton Rouge, Louisiana 70801

Phone: (504) 384-0111 Telex: 500-571821



STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
BATON ROUGE

JOHN B. ROMBACH
Legislative Fiscal Officer

November 19, 1996

P.O. Box 48281
Capitol Station
Baton Rouge, Louisiana 70804
Phone: (504) 462-1111
Fax: (504) 462-1343

Provest, Sator, Harper, & Alford, L.L.C.
Certified Public Accountants
8550 United Plaza Blvd., Suite 400
Baton Rouge, Louisiana 70809

Gentlemen:

The following is the Legislative Fiscal Office's response to your finding of untimely return of unexpended appropriations to the state treasurer:

Other legislative agencies are allowed to retain unexpended funds up to their fiscal date, which in our case is October 1st. The Legislative Fiscal Office has followed standard state practice in this matter. The language in the appropriations bill does not address circumstances with regard to the Legislative Fiscal Office. We will attempt to correct this ambiguity in the upcoming legislative session.

Sincerely,

A handwritten signature in cursive script that reads "John B. Rombach".

John B. Rombach



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November 19, 1998

John R. Rombach
Legislative Fiscal Officer
Legislative Fiscal Office
State Capitol
PO Box 44087
Baton Rouge, Louisiana 70804

In planning and performing our audit of the financial statements of the Legislative Fiscal Office, State of Louisiana, for the year ended June 30, 1998, we considered the Legislative Fiscal Office's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The item discussed below summarizes our comments and suggestions regarding this matter. This letter does not affect our report dated November 19, 1998, on the financial statements of the Legislative Fiscal Office.

Cash Disbursements

The cash disbursement procedures require dual signatures for all disbursements over \$1,000; these checks must be signed by both the Legislative Fiscal Officer and the Chairman of the Joint Legislative Committee on the Budget. In the process of completing our auditing procedures we noted that the Fiscal Office management was preparing multiple smaller checks instead of one large check, to circumvent this policy and expedite payment. We recommend that this policy be revised to increase the amount of the disbursement ceiling. Implementing this recommendation will make the accounting and clerical functions more efficient.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various personnel, and we will be pleased to discuss it in further detail at your convenience, to perform additional studies of this matter, or to assist you in implementing this recommendation.

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

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



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INDEPENDENT AUDITOR'S REPORT

Honorable Randy Ewing, Co-Chair
Honorable Huntington B. Downs, Jr., Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the Legislative Fiscal Office'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. 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 discussed in Note 1, the financial statements of the Legislative Fiscal Office, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the financial 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 Legislative Fiscal Office, State of Louisiana, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 10, 1999 on our consideration of the Legislative Fiscal Office, State of Louisiana's internal control structure and a report dated November 10, 1999 on its compliance with laws and regulations.

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

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

November 18, 1999

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA**

**COMBINED BALANCE SHEET
FUND TYPE AND ACCOUNT GROUPS
June 30, 1998**

	Governmental Fund Type Optional	Account Group		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligation	
ASSETS AND OTHER DEBIT				
Cash in bank	\$ 75,168	\$ -	\$ -	\$ 75,168
Accounts receivable	4,581	-	-	4,581
Furniture, fixtures and equipment	-	227,487	-	227,487
Other credit - Amount to be provided for compensated absences	-	-	77,754	77,754
Total assets and other debit	\$ 79,750	\$ 227,487	\$ 77,754	\$ 285,001
LIABILITIES, FUND EQUITY, AND OTHER CREDIT				
LIABILITIES				
Due to state treasury	\$ 78,750	\$ -	\$ -	\$ 78,750
Compensated absences	-	-	77,754	77,754
Total liabilities	78,750	-	77,754	156,504
FUND EQUITY AND OTHER CREDIT				
Investment in general fixed assets	-	227,487	-	227,487
Fund balance Unreserved - undesignated	-	-	-	-
Total fund equity and other credit	-	227,487	-	227,487
Total liabilities, fund equity, and other credit	\$ 78,750	\$ 227,487	\$ 77,754	\$ 285,001

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA**

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

For the Year Ended June 30, 1996

REVENUES	
State appropriations	\$ 1,202,733
EXPENDITURES	
Personal services	992,812
Travel	24,719
Operating services	57,345
Supplies	11,742
Capital outlay	<u>78,840</u>
Total expenditures	<u>1,165,558</u>
Excess of revenues over expenditures	37,175
OTHER FINANCING USE	
Transfer to the State Treasury, General Fund	<u>(79,759)</u>
Excess of revenues over expenditures and other financing use	(42,579)
Fund balance, beginning	<u>42,579</u>
Fund balance, ending	<u>\$ -</u>

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State appropriations	\$ 1,262,733	\$ 1,262,733	\$ -
EXPENDITURES			
Personal services	1,101,700	992,812	108,888
Travel	24,800	24,719	(781)
Operating services	43,900	57,945	(13,445)
Supplies	7,973	11,742	(4,969)
Capital outlay	25,300	78,940	(52,940)
Total expenditures	<u>1,302,733</u>	<u>1,465,558</u>	<u>37,175</u>
Excess of revenues over expenditures	-	37,175	37,175
OTHER FINANCING USE			
Transfer to State Treasury, General Fund	<u>-</u>	<u>(76,752)</u>	<u>(76,752)</u>
Excess of revenues over expenditures and other financing use	-	(42,575)	(42,575)
Fund balance, beginning	<u>42,575</u>	<u>42,575</u>	<u>-</u>
Fund balance, ending	<u>\$ 42,575</u>	<u>\$ -</u>	<u>\$ (42,575)</u>

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.

Expenditures

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

D. Fixed Assets

The accompanying statements reflect furniture, fixtures, and equipment used by the Legislative Fiscal Office and funded by the legislative appropriation, in daily operations. These 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 Legislative Fiscal Office by the State of Louisiana. Those assets are recorded with the annual financial statements of the State of Louisiana.

E. Budgetary Practices

The Legislative Fiscal Office is required to submit to the Legislative Budgetary Control Council 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 Legislative Fiscal Office 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 appropriations. All annual appropriations lapse at fiscal year-end and require that all unexpended funds must be returned to the State General Fund.

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.

NOTE 6. 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 salary 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.

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 7. OTHER COSTS

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

NOTE 8. DUE TO OTHER GOVERNMENTAL UNITS

Amounts due to other governmental units at June 30, 1995, consists of unexpended appropriations due the State Treasurer, State of Louisiana, in the amount of \$79,750.



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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 Ewing, Co-Chair
Honorable Huntington B. Downs, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 15, 1995.

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 Legislative Fiscal Office is the responsibility of the Legislative Fiscal Office's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Legislative Fiscal Office'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 tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards. This instance of noncompliance is described in the accompanying schedule of compliance findings and recommendations.

We considered this instance of noncompliance in forming our opinion on whether the Legislative Fiscal Office, State of Louisiana's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated November 15, 1995, on those financial statements.

This report is intended for the information of management, the Legislative Auditor, and the Legislative Budgetary Control Council. However, this report is a matter of public record and its distribution is not limited.

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

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

November 15, 1995

LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA

SCHEDULE OF COMPLIANCE FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 1996

Finding - Refund of unused appropriations to the State Treasury.

Condition

Unexpended funds remaining from the operations of the fiscal year ended June 30, 1996 in the amount of \$79,750 were not returned to the State general fund by October 1, 1996.

Criteria

Appropriation Act No. 1235 of the 1995 regular session states that the allocated appropriation may be used for the operations of the office during the 1995-1996 fiscal year, and all unexpended funds remaining on October 1, 1996, which are in excess of the amount appropriated herein shall be returned to the State general fund.

Cause

Under management's original interpretation of the appropriation act, expenditures and reimbursements could be incurred through October 1, 1996 and paid with proceeds of the 1996 appropriation.

Effect

Unexpended funds of the 1995-1996 fiscal year were not returned and will remain payable to the State Treasury.

Recommendation

Management should evaluate the requirements of the annual appropriation act prior to year-end and budget its expenditures accordingly.

Auditor Response

Other legislative agencies are allowed to retain encumbered funds up to their cutoff date, which in our case is October 1st. The Legislative Fiscal Office has followed standard state practice in this matter. The language in the appropriations bill does not address encumbrances with regard to the Legislative Fiscal Office. We will attempt to correct this ambiguity in the upcoming legislative session.



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

Honorable Randy Ewing, Co-Chair
Honorable Huntington B. Dowser, Jr., Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Legislative Fiscal Office, State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated November 19, 1995.

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.

The management of the Legislative Fiscal Office 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 Legislative Fiscal Office for the year ended June 30, 1995, 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.

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA**

**INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS
Year Ended June 30, 1996**

The compliance finding on page 11 is a repeat finding from prior year's audit. There were no other prior year audit findings for which the Legislative Fiscal Office has not implemented the corrective action recommended.

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 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Legislative Fiscal Office in a separate letter dated November 18, 1999.

This report is intended for the information of management. 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.

November 18, 1999

**LEGISLATIVE FISCAL OFFICE
STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Legislative Fiscal Office, created by Title 24, Chapters 601 through 605 of the Louisiana Revised Statutes provides research and technical assistance concerning fiscal matters for the Legislative branch of government.

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.

A. Financial Reporting Entity

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Fiscal Office) to be the State of Louisiana. The accompanying financial statements of the Legislative Fiscal Office 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 Legislative Fiscal Office uses fund accounting (separate sets 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 accounting groups presented in the accompanying financial statements, and as described below, comprise the General Fund and account groups of the Legislative Fiscal Office:

Governmental Fund Type

General Fund

The General Fund is used to account for all of the Legislative Fiscal Office'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 Fiscal Office.



STATE OF LOUISIANA
LEGISLATIVE FISCAL OFFICE
BATON ROUGE

JOHN B. ROEMBACH
Legislative Fiscal Officer

November 19, 1996

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Baton Rouge, Louisiana 70804
Phone (504) 387-1111
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Provoost, Salter, Hayes, & Alfred, L.L.C.
Certified Public Accountants
8550 United Plaza Blvd., Suite 600
Baton Rouge, Louisiana 70809

Gentlemen:

The following is the Legislative Fiscal Office's response to your finding of untimely return of unused appropriations to the state treasurer:

Other legislative agencies are allowed to retain encumbered funds up to their cutoff date, which in our case is October 1st. The Legislative Fiscal Office has followed standard state practice in this matter. The language in the appropriations bill does not address encumbrances with regard to the Legislative Fiscal Office. We will attempt to correct this ambiguity in the upcoming legislative session.

Sincerely,

A handwritten signature in cursive script that reads "John B. Roembach".

John B. Roembach