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**LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditor's Reports**

**As of and for the Years Ended December 31, 1998 and 1997  
With Supplemental Information Schedule**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity 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 JUN 06 1999

**LOUISIANA CEMETERY BOARD**  
**2901 RIDGELAKE, SUITE 212**  
**METAIRIE, LOUISIANA 70002**  
**(504) 838-5267**

**GOVERNING BOARD**

<b>PUBLIC SERVICE COMMISSION DISTRICT</b>	<b>COMMISSIONER</b>
<b>1</b>	<b>Frank B. Stewart, Jr.</b>
<b>2</b>	<b>Gerald Melancon</b>
<b>3</b>	<b>John W. Wilbert, Jr.</b>
<b>4</b>	<b>Jimmy Kramer</b>
<b>5</b>	<b>Shelly Crow</b>
<b>At Large</b>	<b>Rita Lafleur</b>
<b>At Large</b>	<b>Lois Landry</b>

**Lucy McCann, Director**

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# George F. Delaune

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GOVERNMENT FINANCE  
OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board Members of  
Louisiana Cemetery Board  
State of Louisiana  
Metairie, Louisiana

I have audited the accompanying general purpose financial statements of the **LOUISIANA CEMETERY BOARD**, a component unit of the State of Louisiana, as of and for the years ended December 31, 1998 and 1997, as listed in the Table of Contents. These financial statements are the responsibility of management of the Louisiana Cemetery Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that I 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Cemetery Board as of December 31, 1998 and 1997, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated April 24, 1999, on my consideration of the Louisiana Cemetery Board's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts.

*George F. Delaune, CPA*

April 24, 1999

LOUISIANA CEMETERY BOARD  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
DECEMBER 31, 1998

	Governmental Fund Type	Account Groups		Totals (Memorandum Only)
	General	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS</b>				
Cash	\$70,174			\$70,174
Fixed assets		\$26,073		26,073
Amount to be provided for retirement of general long-term obligations			\$10,968	10,968
<b>TOTAL ASSETS</b>	<u>\$70,174</u>	<u>\$26,073</u>	<u>\$10,968</u>	<u>\$107,215</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<i>Liabilities:</i>				
Accrued compensated absences			\$10,968	10,968
Total Liabilities			10,968	10,968
<i>Fund Equity:</i>				
Investment in general fixed assets		\$26,073		26,073
Fund balances -				
Reserve for litigation and legal	\$41,234			41,234
Unreserved - undesignated	28,940			28,940
Total Fund Equity	70,174	26,073		96,247
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$70,174</u>	<u>\$26,073</u>	<u>\$10,968</u>	<u>\$107,215</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA CEMETERY BOARD**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Permits and fees	\$132,475	\$144,782	\$12,307
Interest earnings	3,000	4,244	1,244
Other revenues		342	342
	<u>135,475</u>	<u>149,368</u>	<u>13,893</u>
<i>Expenditures:</i>			
Current -			
Salaries and benefits	88,563	88,187	376
Travel	11,000	6,568	4,432
Operating services	20,720	18,511	2,209
Supplies	4,000	1,952	2,048
Professional services	15,000	17,749	(2,749)
Capital outlays		3,739	(3,739)
	<u>139,283</u>	<u>136,706</u>	<u>2,577</u>
<i>Excess of Revenues (Expenditures)</i>	(3,808)	12,662	16,470
Fund Balance - January 1, 1998	<u>48,434</u>	<u>57,512</u>	<u>9,078</u>
<b>FUND BALANCE - December 31, 1998</b>	<u><u>\$44,626</u></u>	<u><u>\$70,174</u></u>	<u><u>\$25,548</u></u>

The accompanying notes are an integral part of this statement.

LOUISIANA CEMETERY BOARD  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
DECEMBER 31, 1997

	Governmental Fund Type	Account Groups		Totals (Memorandum Only)
	General	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS</b>				
Cash	\$57,512			\$57,512
Fixed assets		\$22,334		22,334
Amount to be provided for retirement of general long-term obligations			\$10,075	10,075
<b>TOTAL ASSETS</b>	<b>\$57,512</b>	<b>\$22,334</b>	<b>\$10,075</b>	<b>\$89,921</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<i>Liabilities:</i>				
Accrued compensated absences			\$10,075	10,075
Total Liabilities			10,075	10,075
<i>Fund Equity:</i>				
Investment in general fixed assets		\$22,334		22,334
Fund balances -				
Reserve for litigation and legal	43,125			43,125
Unreserved - undesignated	14,387			14,387
Total Fund Equity	57,512	22,334		79,846
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$57,512</b>	<b>\$22,334</b>	<b>\$10,075</b>	<b>\$89,921</b>

The accompanying notes are an integral part of this statement.



**LOUISIANA CEMETERY BOARD**  
**GOVERNMENTAL FUND TYPE - GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Permits and fees	\$132,475	\$135,547	\$3,072
Interest earnings	3,000	4,352	1,352
Other revenues		801	801
	135,475	140,700	5,225
<i>Expenditures:</i>			
Current -			
Salaries and benefits	79,791	80,242	(451)
Travel	11,000	3,872	7,128
Operating services	19,533	18,256	1,277
Supplies	3,000	1,116	1,884
Professional services	15,000	24,444	(9,444)
Capital outlays			
	128,324	127,930	394
<i>Excess of Revenues (Expenditures)</i>	7,151	12,770	5,619
Fund Balance - January 1, 1997	52,376	44,742	(7,634)
<b>FUND BALANCE - December 31, 1997</b>	<b>\$59,527</b>	<b>\$57,512</b>	<b>(\$2,015)</b>

The accompanying notes are an integral part of this statement.



LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

**NOTE 1 - INTRODUCTION**

The Louisiana Cemetery Board was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 8:61. The board is composed of seven (7) members appointed by the Governor of Louisiana, who serve four (4) year terms. The Board is charged with the responsibility of regulating the cemetery industry and monitoring all perpetual care and merchandise trust funds. The Board's office is located in Metairie, Louisiana, and employs 2 administrative personnel. The Board is under the control of the Department of Economic Development and a component unit of the State of Louisiana and is an integral part of such reporting entity. The Board's operations are funded entirely through annual self-generated revenues.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Louisiana Cemetery Board prepares its financial statements in accordance with the standards established by the GASB.

*Reporting Entity*

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Louisiana Cemetery Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members, and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of the Louisiana Cemetery Board, a component unit of the State of Louisiana.

Annually the State of Louisiana issues a general purpose financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

*Fund Accounting*

The accounts of the Louisiana Cemetery Board are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Revenues are accounted for in these funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the accompanying financial statements are described as follows:

*General Fund*

The General Fund is the general operating fund of the Board and is classified as a governmental fund. It accounts for the Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

*Account Groups*

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations. Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures, or expenses as appropriate, 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. The modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

*Revenues*

Licenses and fees are recorded in the year these revenues are earned.

Interest income is recorded when received.

Substantially all other revenues are recorded when they become available.

LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

*Expenditures*

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which is recognized when paid.

*Budget Practices*

The Board prepares its budget on the modified accrual basis of accounting and all appropriations contained in the budget lapse at year end.

The proposed budgets are prepared by the executive director, adopted by the Board, and made available to the Department of Economic Development. The executive committee has the authority to make changes or amendments within various budget classifications. Budgeted amounts included in the accompanying financial statements include the original adopted budget.

*Encumbrances*

Encumbrance accounting is used when purchase orders are recorded in order to reserve that portion of the applicable appropriation. The Board does not follow the encumbrance method of accounting.

*Cash and Cash Equivalents*

Cash includes interest-bearing demand deposits at year end. Under state law, the Board may deposit funds with a bank organized under Louisiana law or of any other state of the Union, or under the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

*Inventories*

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

*Fixed Assets*

Fixed assets are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.



LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. 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 at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

Long-Term Obligations

Long-term obligations expected to be financed from governmental funds, including long-term debt and compensated absences for accumulated unpaid annual leave benefits of General Fund employees, are accounted for in the general long-term obligations account group, not in the governmental funds.

Fund Equity

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Total Column on Balance Sheet

Total columns 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

At December 31, 1998 and 1997, the Board has cash (book balances) totaling \$70,174 and \$57,512, respectively, in demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 1998 and 1997, the Board has \$74,366 and \$68,561

LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997

in demand deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets composed of furniture and office equipment follows:

Balance, January 1, 1997	\$22,334
Additions	0
Deletions	0
	22,334
Balance, December 31, 1997	22,334
Additions	3,739
Deletions	0
	\$26,073
Balance, December 31, 1998	

**NOTE 5 - LONG-TERM OBLIGATIONS**

Long-term obligations consist of compensated absences.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group. The liability for unused annual leave at December 31, 1998 and 1997, computed in accordance with GASB Codification Section C60.105, is estimated to be \$10,968 and \$10,075, respectively. These amounts are recorded in the general long-term obligations account group.

**NOTE 6 - PENSION PLAN**

All employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 25% of their highest consecutive 36 month average salary multiplied by their years of credited service. Vested

**LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. The System also provides death and disability benefits. Benefits are established by state statute.

In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional percentage of gross salary to the System (12.4% from January 1, 1997 to June 30, 1997, 13% from July 1, 1997 to June 30, 1998, and 12.4% from July 1, 1998 to December 31, 1998). Contributions to the System during 1998 and 1997 were funded through employee and employer contributions of \$14,301 and \$13,096, respectively. The total payroll of the Board, fully covered by the system, was \$70,818 and \$64,812, respectively for years 1998 and 1997. Under present statutes, the Board does not guarantee any of the benefits granted by the system.

**NOTE 7 - LITIGATION AND CLAIMS**

There were no judgments, claims or similar contingencies pending against the Board at December 31, 1997 and 1998.

**NOTE 8 - LEASES**

The Board leases office space under an operating lease for a period of 5 years, commencing December 1, 1998, and ending November 30, 2003. Rent expenditure for 1997 and 1998 was \$9,420 and \$9,820, respectively.

Future minimum lease payments under this lease are as follows:

Year Ending December 31,	Amount
1999	\$ 11,820
2000	11,820
2001	11,820
2002	11,820
2003	10,835

Since the payment schedule is considered systematic and rational under GASB Statement 13, rental expenditure is based on the relevant lease agreement and not in accordance with lease terms as required by GASB Statement 13.

**LOUISIANA CEMETERY BOARD  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**NOTE 9 - FEDERAL FINANCIAL ASSISTANCE**

The Board received no federal funds during the years 1998 and 1997.

**NOTE 10 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Board provides certain continuing health care and life insurance benefits for only one retired employee. Substantially all of the Board employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the retiree and by the Board. The Board recognizes the cost of providing these benefits (Board's portion of premiums) as an expenditure when paid during the year, which was \$4,182 and \$4,114 for the years ended December 31, 1998 and 1997, respectively.

**NOTE 11 - COMPENSATION PAID TO BOARD MEMBERS**

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are not entitled to any per diem; consequently no per diem was paid.



LOUISIANA CEMETERY BOARD  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 1998 AND 1997

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Louisiana Cemetery Board.
2. No reportable conditions were disclosed during the audit of the general purpose financial statements.
3. One instance of noncompliance which is considered nonmaterial to the general purpose financial statements of Louisiana Cemetery Board was disclosed during the audit.
4. There were no federal awards received by Louisiana Cemetery Board.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

*Noncompliance*

98-1 Excess Payments Made Under Contract for Professional Legal Services

*Condition:* The Board entered into a legal services contract for the period January 1, 1997 to December 31, 1998. The contract was limited to \$15,000 per year; however, during 1997 and 1998, the Board expended \$17,749 and \$22,924, respectively.

*Criteria:* The Board should have requested permission from the Division of Administration, Office of Contractual Review for an increase in contract before incurring additional legal services.

*Effect:* Violation of legal services contract.

*Cause:* The Director was not aware that this over expenditure was a violation, since this has been a normal occurrence in prior years.

*Recommendation:* The Board should request a contract which is more in agreement with prior year expenditures and if services are projected over this amount, then the Board should request an increase from the Office of Contractual Review before incurring additional services.

*Response:* Management concurred with the recommendation and will change their procedures for obtaining legal services.



STATE OF LOUISIANA  
DEPARTMENT OF ECONOMIC DEVELOPMENT

LOUISIANA CEMETERY BOARD

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M.J. "Mike" Foster, Jr.  
Governor

Lucy L. McCann  
Director

CORRECTIVE ACTION PLAN

May 17, 1999

Legislative Auditor  
State of Louisiana

Louisiana Cemetery Board respectfully submits the following corrective action plan for the years ended December 31, 1997 and 1998.

Name and address of independent public accounting firm: George F. Delaune, CPA, APC; 7663 Anchor Drive; Ventress, LA 70783-4120.

Audit period: January 1, 1997 to December 31, 1998

The finding from the December 31, 1998 and 1997, schedule of findings are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

*Noncompliance*

**98-1 Excess Payments Made Under Contract for Professional Legal Services**

*Recommendation:* The Board should request a contract which is more in agreement with prior year expenditures and if services are projected over this amount, then the Board should request an increase from the Office of Contractual Review before incurring additional services.

*Action Taken:* We have adopted the recommendation and have changed our procedures for obtaining legal services.

If the Legislative Auditor has questions regarding this plan, please call Lucy McCann, Director at (504) 838-5267.

Sincerely yours,

Lucy L. McCann, Director