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# STATE OF LOUISIANA

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LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA

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AUDIT REPORT  
ISSUED SEPTEMBER 1, 2004

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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**LEGISLATIVE AUDITOR**

STEVE J. THERIOT, CPA

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

ALBERT J. ROBINSON, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Six copies of this public document were produced at an approximate cost of \$30.84. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us). When contacting the office, you may refer to Agency ID No. 8823 or Report ID No. 04903707 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
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August 18, 2004

Independent Auditor's Report  
on the Financial Statements

**LOUISIANA STATE POLYGRAPH BOARD**  
**OFFICE OF THE GOVERNOR**  
**EXECUTIVE DEPARTMENT**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana State Polygraph Board, a component unit of the State of Louisiana, as of June 30, 2004, and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Polygraph Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Polygraph Board as of June 30, 2004, and its changes in financial position and its cash flows for the years ended June 30, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2004, on our consideration of the Louisiana State Polygraph Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Louisiana State Polygraph Board has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.



## LOUISIANA STATE POLYGRAPH BOARD

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Our audit was conducted for the purpose of forming an opinion on the Louisiana State Polygraph Board's basic financial statements. The accompanying supplementary financial information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

MMG:EFS:PEP:ss

[POLYGRPH04]



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**LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Net Assets, June 30, 2004**

	<u>June 30, 2004</u>
<b>ASSETS</b>	
Cash (note 2)	\$9,554
Receivables (note 3)	130
Total assets	<u>9,684</u>
<b>LIABILITIES</b>	
Current liabilities - accounts payable (note 4)	<u>326</u>
<b>NET ASSETS - unrestricted</b>	<u><u>\$9,358</u></u>

The accompanying notes are an integral part of this statement.







**LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Revenues, Expenses,  
and Changes in Fund Net Assets  
For the Years Ended June 30, 2004 and 2003**

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>OPERATING REVENUES</b>		
Licenses	<u>\$5,235</u>	<u>\$4,725</u>
<b>OPERATING EXPENSES</b>		
Cost of sales and services	449	5,387
Administration	<u>3,595</u>	<u>4,913</u>
Total operating expenses	<u>4,044</u>	<u>10,300</u>
<b>OPERATING GAIN (LOSS)</b>	1,191	(5,575)
<b>NONOPERATING REVENUES</b>		
Interest income	<u>17</u>	<u>36</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,208	(5,539)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>8,150</u>	<u>13,689</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$9,358</u></u>	<u><u>\$8,150</u></u>

The accompanying notes are an integral part of this financial statement.





**LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Cash Flows  
For the Years Ended June 30, 2004 and 2003**

	<u>June 30, 2004</u>	<u>June 30, 2003</u>
<b>Cash flows from operating activities:</b>		
Cash received from customers, including cash deposits	\$5,235	\$4,769
Cash paid to suppliers for goods and services	(449)	(5,387)
Other operating expenses	(3,700)	(4,679)
Net cash provided (used) by operating activities	<u>1,086</u>	<u>(5,297)</u>
<b>Cash flows from investing activities -</b>		
Interest received	<u>17</u>	<u>131</u>
<b>Net increase (decrease) in cash</b>	1,103	(5,166)
<b>Cash at beginning of year</b>	<u>8,451</u>	<u>13,617</u>
<b>Cash at end of year</b>	<u><u>\$9,554</u></u>	<u><u>\$8,451</u></u>
<b>Reconciliation of operating gain (loss) to net cash provided (used) by operating activities:</b>		
Operating gain (loss)	\$1,191	(\$5,575)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in receivables	(130)	44
Increase in payables	<u>25</u>	<u>234</u>
Net cash provided (used) by operating activities	<u><u>\$1,086</u></u>	<u><u>(\$5,297)</u></u>

The accompanying notes are an integral part of this financial statement.





**LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**INTRODUCTION**

The Louisiana State Polygraph Board is a component unit of the State of Louisiana created in 1980 in accordance with Louisiana Revised Statutes (R.S.) 37:2831-2854. On June 26, 2001, the board, as provided by R.S. 36:4(1), was transferred from the Department of Economic Development to the Executive Department, Office of the Governor. The board is composed of five members appointed by the governor to serve terms concurrent with the governor. The board members serve without compensation. The board is charged with the responsibility of regulating all persons who purport to be able to detect deception or to verify the truth of statements through the use of polygraph instrumentation. The operations of the board are funded by certification fees and earnings on its interest-bearing checking account. Since the board has no employees, the board's secretary performs all accounting functions.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The board applies all GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The board does not apply FASB pronouncements issued after November 30, 1989.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state has financial accountability over the board in that the governor appoints the board members and can impose his will on the board. The accompanying financial statements present information only as to the transactions and activities of the Louisiana State Polygraph Board. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.



## **C. FUND ACCOUNTING**

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## **D. BASIS OF ACCOUNTING**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets.

Revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. License fees are considered operating revenue. The interest earnings from the interest-bearing checking account are considered nonoperating revenue. All expenses are operating expenses.

## **E. BUDGET PRACTICES**

The board submitted its annual budget to the various agencies prescribed by R.S. 39:1331-1342, in accordance with R.S. 36:803. The budget is prepared on a full accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenses of the succeeding year. Formal budget integration is not employed as a management control device during the year.

## **F. CASH**

Cash consists of the amount in an interest-bearing demand deposit account. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.



**G. EQUIPMENT**

In accordance with policy established by the Division of Administration, Office of Statewide Reporting and Accounting Policy, only equipment valued at or above \$5,000 is capitalized and depreciated for financial statement purposes. The board does not own any equipment valued at or above \$5,000.

**H. COMPENSATED ABSENCES, PENSION BENEFITS, AND POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The board has no employees; therefore, no compensated absences, pension benefits, or postretirement benefits are provided by the board.

**2. CASH**

The board has cash (book balance) totaling \$9,554 at June 30, 2004. 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. 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. At June 30, 2004, the board has \$9,554 in deposits (collected bank balances), which are fully secured from risk by federal deposit insurance.

**3. RECEIVABLES**

The board has an unrestricted receivable balance of \$130 at June 30, 2004, which represents reimbursement of administrative expenses.

**4. PAYABLES**

The board has payable balances as follows:

	June 30, 2004
Payable to vendors	\$276
Other	50
Total	\$326

**5. LEASE OBLIGATIONS**

The board has no lease obligations at June 30, 2004.



**6. LITIGATION AND CLAIMS**

No litigation is pending against the board at June 30, 2004.

**7. RELATED PARTY TRANSACTIONS**

The board was not involved in any related party transactions for the two-year period ended June 30, 2004.





**LOUISIANA STATE POLYGRAPH BOARD  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA  
SUPPLEMENTAL FINANCIAL INFORMATION**

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,  
DIVISION OF ADMINISTRATION,  
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY  
As of and for the Year Ended June 30, 2004**

The following supplemental information presents the financial position of the Louisiana State Polygraph Board as of June 30, 2004, and the results of its operations (including cash flows) for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.





STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2004

Louisiana State Polygraph Board

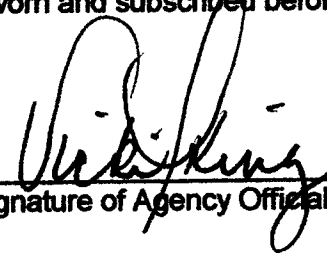
Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

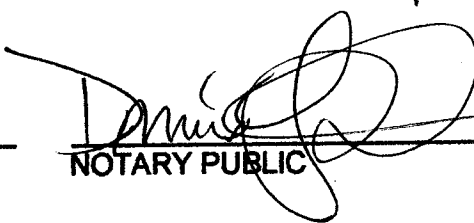
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Vicki H. King  
(Title) of Secretary - Louisiana Polygraph Board (Agency) who duly sworn, deposes and says,  
that the financial statements herewith given present fairly the financial position of  
(agency) at June 30, 2004 and the results of operations for the year then ended in accordance with  
policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 8<sup>th</sup> day of July, 2004.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: Vicki H. King

Title: Secretary

Telephone No.: 225-744-3531

Date: July 8, 2004

Louisiana Polygraph Board  
(Agency Name)  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2004

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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4	Schedules of Long-Term Debt Amortization
5	Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis
15	Schedule of Comparison Figures

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**BALANCE SHEET**  
**AS OF June 30, 2004**

<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents (Note C1)	\$ <u>9,554</u>
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	<u>130</u>
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	
<b>NONCURRENT ASSETS:</b>	
<b>Restricted assets (Note F):</b>	
Cash	
Investments	
Receivables	
Notes receivable	
<b>Capital assets (net of depreciation)(Note D)</b>	
Land	
Buildings and improvements	
Machinery and equipment	
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	
Total assets	\$ <u>9,684</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable and accruals (Note V)	\$ <u>326</u>
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
<b>Current portion of long-term liabilities:</b>	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	
<b>NON-CURRENT LIABILITIES:</b>	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	
Total liabilities	
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	
<b>Restricted for:</b>	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	<u>9,358</u>
Total net assets	
Total liabilities and net assets	\$ <u>9,684</u>

The accompanying notes are an integral part of this financial statement.  
Statement A

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED \_\_\_ June 30, 2004**

The accompanying notes are an integral part of this financial statement.

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	_____ 5,235
Other	_____
<b>Total operating revenues</b>	<b>_____ 5,235</b>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____ 449
Administrative	_____ 3,595
Depreciation	_____
Amortization	_____
<b>Total operating expenses</b>	<b>_____ 4,044</b>
Operating income(loss)	_____ 1,191
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	_____ 17
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	_____
<b>Total non-operating revenues(expenses)</b>	<b>_____ 17</b>
Income(loss) before contributions and transfers	_____ 1,208
Capital contributions	_____
Transfers in	_____
Transfers out	_____
<b>Change in net assets</b>	<b>_____ 1,208</b>
Total net assets – beginning as restated	_____ 8,150
Total net assets – ending	\$ <b>_____ 9,358</b>

Statement B

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED June 30, 2004**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
BTA	\$ <u>4,044</u>	\$ <u>5,235</u>	\$ _____	\$ <u>1,191</u>
<b>General revenues:</b>				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				<u>17</u>
Miscellaneous				_____
Special items				_____
Transfers				_____
Total general revenues, special items, and transfers				<u>17</u>
Change in net assets				<u>1,208</u>
Net assets - beginning				<u>8,150</u>
Net assets - ending				<u>\$ 9,358</u>

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED \_\_\_ June 30, 2004**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$	<u>5,235</u>
Cash payments to suppliers for goods and services		<u>(449)</u>
Cash payments to employees for services		
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		<u>(3,700)</u>
Net cash provided(used) by operating activities		<u>1,086</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>-</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>-</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities		<u>17</u>
Net cash provided(used) by investing activities		<u>17</u>
Net increase(decrease) in cash and cash equivalents		<u>1,103</u>
Cash and cash equivalents at beginning of year		<u>8,451</u>
Cash and cash equivalents at end of year	\$	<u><u>9,554</u></u>

The accompanying notes are an integral part of this statement.

Statement D



**STATE OF LOUISIANA  
Louisiana State Polygraph Board  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED \_\_ June 30, 2004**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)	\$	<u>1,191</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization		_____
Provision for uncollectible accounts		_____
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		(130)
(Increase)decrease in due from other funds		_____
(Increase)decrease in prepayments		_____
(Increase)decrease in inventories		_____
(Increase)decrease in other assets		_____
Increase(decrease) in accounts payable and accruals		25
Increase(decrease) in accrued payroll and related benefits		_____
Increase(decrease) in compensated absences payable		_____
Increase(decrease) in due to other funds		_____
Increase(decrease) in deferred revenues		_____
Increase(decrease) in other liabilities		_____
 Net cash provided(used) by operating activities	 \$	 <u>1,086</u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
<b>Total noncash investing, capital, and financing activities:</b>	<b>_____</b>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA  
Louisiana State Polygraph Board  
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**INTRODUCTION**

The Louisiana Polygraph Board (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute R.S. 36:109. The following is a brief description of the operations of Louisiana Polygraph Board (BTA) which includes the parish/parishes in which the (BTA) is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

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 GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). 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 principles.

The accompanying financial statements of Louisiana Polygraph Board present information only as to the transactions of the programs of the Louisiana Polygraph Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses 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 accounts of the Louisiana Polygraph Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Louisiana Polygraph Board (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

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	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,048</u>
Amendments:	_____
	_____
	_____
Final approved budget	\$ <u><u>5,048</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana Polygraph Board (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, and share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity’s name or registered in the entity’s name. (separate disclosure no longer required)

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution’s trust department or agent and are in the entity’s name. (separate disclosure no longer required)

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution’s trust department or agent and they are not in the entity’s name. (separate disclosure still required)

**GASB Statement 40 only requires category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should**

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disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution,

or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>9,554</u>	\$ _____	\$ _____	\$ <u>9,554</u>
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	_____	_____	_____	-
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	-
c. Uninsured and collateralized with securities held held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	-
<b>Total Category 3 bank balances</b>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<b>Total bank balances (All categories including category 3 reported above)</b>	\$ <u>9,554</u>	\$ _____	\$ _____	\$ <u>9,554</u>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

	<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1.	Hancock Bank		\$ 9,554
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
Total			\$ 9,554

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ <u>N/A</u>
Petty cash	\$ <u>N/A</u>

**2. INVESTMENTS NONE**

The Louisiana Polygraph Board (BTA) (does not) maintain investment accounts as authorized by \_\_\_\_\_ (Note legal provisions authorizing investments by (BTA)).

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Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name. (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. (separate disclosure no longer required)

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. (separate disclosure still required)

**NOTE: GASB Statement 40** requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

<u>Type of Investment</u>	<u>Amount Reported in Risk</u>		<u>Total Reported</u> <u>Amount - All</u> <u>Categories</u> <u>(Including</u> <u>Category 3)</u>	<u>Total Fair</u> <u>Value - All</u> <u>Categories</u> <u>(Including</u> <u>Category 3)</u>
	<u>Category 3, if Any:</u>			
	<u>Held by</u> <u>Counterparty</u>	<u>Held by</u> <u>Counterparty's</u> <u>Trust Dept. or</u> <u>Agent Not in</u> <u>Entity's Name</u>		
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Total investments</b>	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

The institution does not (circle one) invest in derivatives as part of its investment policy. Accordingly, the exposure to risks from these investments is as follows:  
 credit risk \_\_\_\_\_

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\_\_\_\_\_ market risk \_\_\_\_\_  
\_\_\_\_\_ legal risk \_\_\_\_\_

**3. Other Disclosures Required for Investments**

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_  
\_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_  
\_\_\_\_\_
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
  - 1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_  
\_\_\_\_\_
  - 2. Description of the terms of the agreement \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_  
\_\_\_\_\_
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet \_\_\_\_\_  
\_\_\_\_\_

**Legal or Contractual Provisions for Reverse Repurchase Agreements**

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_  
\_\_\_\_\_

**Reverse Repurchase Agreements at Year-End**

- i. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_  
\_\_\_\_\_
- j. Commitments on \_\_\_\_\_ (fiscal close), to repurchase securities under yield maintenance agreements \_\_\_\_\_  
\_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close), of the securities to be repurchased \_\_\_\_\_  
\_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_  
\_\_\_\_\_

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- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_  
\_\_\_\_\_
  
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_

**Fair Value Disclosures**

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_  
\_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_  
\_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_  
\_\_\_\_\_
- s. Any involuntary participation in an external investment pool \_\_\_\_\_
- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_

**Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures**

- v. Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.  
\_\_\_\_\_  
\_\_\_\_\_
- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments \_\_\_\_\_
- x. List the fair value and terms of any debt investments that re highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.)  
\_\_\_\_\_  
\_\_\_\_\_
- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount).  
\_\_\_\_\_





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\_\_\_\_\_ included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

**E. INVENTORIES NONE**

The unit's inventories are valued at \_\_\_\_\_ (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: Do not include postage. This must be shown as a prepayment.**

**F. RESTRICTED ASSETS NONE**

Restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current assets section on Statement A, consist of \$ \_\_\_\_\_ in cash with fiscal agent, \$ \_\_\_\_\_ in receivables, and \$ \_\_\_\_\_ investment in \_\_\_\_\_ (identify the type investments held.) State the purpose of the restriction: \_\_\_\_\_

**G. LEAVE NONE**

**1. COMPENSATED ABSENCES**

The \_\_\_\_\_ (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

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 is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at \_\_\_\_\_ (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ \_\_\_\_\_. The leave payable (is) (is not) recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM NONE**

Substantially all of the employees of the (BTA) are members of the \_\_\_\_\_ (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public

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\_\_\_\_\_ employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 20\_\_, decreased to \_\_\_% of annual covered payroll from the \_\_\_% and \_\_\_% required in fiscal years ended June 30, 2003 and 2002, respectively. The (BTA) contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$\_\_\_\_\_, \$\_\_\_\_\_, and \$\_\_\_\_\_, respectively, equal to the required contributions for each year.

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS NONE**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.\*\*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

\*\*If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2004, the cost of providing those benefits for the \_\_\_\_\_ retirees totaled \$\_\_\_\_\_.

The \_\_\_\_\_ (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for those benefits if they reach normal retirement age while working for the (BTA). Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the (BTA). The (BTA) recognizes the cost of providing these benefits ((BTA)'s portion of premiums) as an expenditure when paid during the year, which was \$\_\_\_\_\_ for the year ended \_\_\_\_\_, 20\_\_\_. The cost of providing those benefits for \_\_\_\_\_ retirees is not separable from the cost of providing benefits for the \_\_\_\_\_ active employees. (or, The (BTA)'s cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended \_\_\_\_\_, 20\_\_ the costs of \_\_\_\_\_ retiree benefits totaled \$\_\_\_\_\_).

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**J. LEASES NONE**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year \_\_\_\_\_ amounted to \$ \_\_\_\_\_.  
 A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010- 2014</u>	<u>FY2015- 2019</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

**2. CAPITAL LEASES**

Capital leases are (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

**SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF**

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<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

**SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF**

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

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The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

**SCHEDULE C – LEAF CAPITAL LEASES**

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

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Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

**3. LESSOR DIRECT FINANCING LEASES**

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining Principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less: Estimated Residual Value of Leased Property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____ -		

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Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of \_\_\_\_\_ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____ -

**4. LESSOR – OPERATING LEASE**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of \_\_\_\_\_ 20\_\_:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year):

**STATE OF LOUISIANA  
Louisiana State Polygraph Board  
Notes to the Financial Statement  
As of and for the year ended June 30, 2004**

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$	\$	\$	\$	\$
2006					
2007					
2008					
2009					
2010-2014					
2015-2019					
2020-2024					
<b>Total</b>	\$	\$	\$	\$	\$

Current year lease revenues received in fiscal year \_\_\_\_\_ totaled \$ \_\_\_\_\_.

Contingent rentals received from operating leases received for your fiscal year was \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

**K. LONG-TERM LIABILITIES NONE**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20\_\_:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
<b>Bonds and notes payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds					
<b>Other liabilities:</b>					
Contracts payable					
Compensated absences payable					
Capital lease obligations					
Liabilities payable from restricted assets					
Claims and litigation					
Other long-term liabilities					
Total other liabilities					
Total long-term liabilities					

A detailed summary, by issues, of all debt outstanding at June 30, 20\_\_, including outstanding interest of \$ \_\_\_\_\_ is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

**L. LITIGATION NONE**

1. The \_\_\_\_\_ (BTA) is a defendant in litigation seeking damages as follows:



**STATE OF LOUISIANA**  
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**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

<u>Date of Action</u>	<u>Description of Litigation and Probable outcome (remote, reasonably possible or probable)</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Totals			\$ _____	\$ _____

The \_\_\_\_\_ (BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):

2. Claims and litigation costs of \$ \_\_\_\_\_ were incurred in the current year and are reflected in the accompanying financial statement.

**M. RELATED PARTY TRANSACTIONS      NONE**

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**N. ACCOUNTING CHANGES      NONE**

Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate, error or entity). The effect of the change is being shown in \_\_\_\_\_.

**O. IN-KIND CONTRIBUTIONS      NONE**

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

**P. DEFEASED ISSUES                      NONE**

In \_\_\_\_\_, 20\_\_\_\_\_, the \_\_\_\_\_(BTA), issued \$\_\_\_\_\_ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$\_\_\_\_\_, plus an additional \$\_\_\_\_\_ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ \_\_\_\_\_ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of \$\_\_\_\_\_.

**Q. COOPERATIVE ENDEAVORS                      NONE**

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2004</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) NONE**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-2004:

CFDA Number	Program Name	State Match Percentage	Total Amount of Grant
_____	_____	_____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____ -

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS NONE**

At June 30, 20\_\_, the \_\_\_\_\_ (BTA) was not in compliance with the provisions of \_\_\_\_\_ Bond Reserve Covenant that requires \_\_\_\_\_ The \_\_\_\_\_ (BTA) did \_\_\_\_\_ to correct this deficiency.

**T. SHORT-TERM DEBT NONE**

The \_\_\_\_\_ (BTA) issues short-term notes for the following purposes: \_\_\_\_\_

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

List the type of S-T debt (e.g., tax anticipation notes):	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____ -

The \_\_\_\_\_ (BTA) uses a revolving line of credit for the following purposes: \_\_\_\_\_ Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____ -

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Other	\$ _____	\$ _____	\$ _____	\$ 130.00	\$ 130.00
					-
Gross receivables	\$ -	\$ -	\$ -	\$ 130.00	\$ 130.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ 130.00	\$ 130.00
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Accounts Payable	\$ 276	\$ _____	\$ _____	\$ 50	\$ 326
					-
Total payables	\$ 276	\$ -	\$ -	\$ 50	\$ 326

**W. SUBSEQUENT EVENTS NONE**

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

\_\_\_\_\_

\_\_\_\_\_

**X. SEGMENT INFORMATION NONE**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment \_\_\_\_\_.

**A. Condensed Balance Sheet:**

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

**Condensed Balance Sheet:**

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

**B. Condensed statement of revenues, expenses, and changes in net assets:**

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets:**

**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

**C. Condensed statement of cash flows:**

- (1) Net cash provided (used) by:
  - (a) Operating activities
  - (b) Noncapital financing activities
  - (c) Capital and related financing activities
  - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

**Condensed Statement of Cash Flows:**

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

**Y. DUE TO/DUE FROM AND TRANSFERS            NONE**

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____



**STATE OF LOUISIANA**  
**Louisiana State Polygraph Board**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

---

Adjustment to beginning net asset balance of fiscal year 2004, totaling \$301, related to prior year expense and revenue adjustments.

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20\_\_, previously reported, must correspond to Net Assets at June 30, 20\_\_, per the information received from OSRAP.)



**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS**  
**For the Year Ended June 30, 2004**  
**(Fiscal Close)**

<u>Name</u>	<u>Amount</u>
	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
	\$ <u>_____</u>

NONE

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF STATE FUNDING**  
**For the Year Ended June 30, 2004**  
**(Fiscal Close)**

NONE

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE**  
June 30, 2004  
**(Fiscal Close)**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	NONE Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF NOTES PAYABLE**  
June 30, 2004  
 (Fiscal close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	NONE Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF BONDS PAYABLE**  
June 30, 2004  
 (Fiscal close)  
 NONE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 2004**  
**(Fiscal Close)**

NONE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 2004\_\_**

NONE

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____ --
2006	_____	_____	_____	_____ --
2007	_____	_____	_____	_____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010-2014	_____	_____	_____	_____ --
2015-2019	_____	_____	_____	_____ --
2020-2024	_____	_____	_____	_____ --
2025-2029	_____	_____	_____	_____ --
<b>Total</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>	<b>_____ --</b>	<b>_____ --</b>

**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 2004\_\_**

NONE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>



**STATE OF LOUISIANA**  
**Louisiana Polygraph Board (BTA)**  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 2004**  
**NONE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

STATE OF LOUISIANA

(BTA)

SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION

NON-GAAP BASIS  
JUNE 30, 2004

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/04	Revised Budget	Variance Positive/(Negative)
Operating Revenues:					
Intergovernmental Revenues	\$	\$	\$	\$	-
Sales of Commodities and Services					-
Other					-
Total Operating revenues					-
Operating Expenses:					
Personal services	\$	\$	\$	\$	-
Travel					-
Operating Services					-
Supplies					-
Professional services					-
Capital outlay					-
Interagency transfers					-
Other charges					-
Total Operating Expenses					-
Nonoperating Expenses:					
Use of Money and Property					-
Gain (Loss) on Disposal of Fixed Assets					-
Federal Grants					-
Interest Expense					-
Other					-
Total Nonoperating Expenses					-
Capital Contributions					-
Operating Transfers In					-
Operating Transfers Out					-
Change in Net Assets	\$	\$	\$	\$	-

STATE OF LOUISIANA

\_\_\_\_\_ (BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
NON-GAAP BASIS  
JUNE 30, 2004**

Budgeted Income (Loss)	\$ _____
Reconciling items:	
Cash carryover	_____
Depreciation	_____
Payroll accrual	_____
Compensated absences adjustment	_____
Capital outlay	_____
Change in inventory	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ <u>          -</u>

Concluded

STATE OF LOUISIANA

(BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 5,252	\$ 4,761	\$ 491	10%
Expenses	4,044	10,300	6,256	61%
2) Capital assets	NONE	NONE	-	
Long-term debt	NONE	NONE	-	
Net Assets	9,358	8,150	1,208	15%

Explanation for change: FY2003 included seminar fee \$4,500 & moving and computer expenses not incurred in FY04

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 5,048	\$ 5,048	\$ -	\$
Expenditures	7,175	7,175	-	

Explanation of change: \_\_\_\_\_

	<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$5,048	\$5,252	204	4%
Expenditures	\$7,175	\$4,044	3,131	44%

Explanation of change: No seminar held

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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







STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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August 18, 2004

Report on Compliance and on Internal Control Over Financial Reporting  
Based on an Audit of the Basic Financial Statements Performed  
in Accordance With *Government Auditing Standards*

**LOUISIANA STATE POLYGRAPH BOARD**  
**OFFICE OF THE GOVERNOR**  
**EXECUTIVE DEPARTMENT**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana State Polygraph Board, a component unit of the State of Louisiana, as of June 30, 2004, and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 18, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana State Polygraph Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

**Lack of Usage Policy and Supporting  
Documentation Over Board Expenses**

The Louisiana State Polygraph Board does not have a written policy that restricts the use of telephones, computer, and Internet usage to board business related purposes only and has failed to maintain supporting documentation of certain expense transactions. Article VII, Section 14 of the Louisiana Constitution prohibits the funds of the state (the board) to be donated to any person for which there is no liability to the state. In addition, good internal control requires that the board maintain proper documentation that supports expenses incurred.



Our review of the board's expenses for fiscal years ended June 30, 2004, and June 30, 2003, (\$4,044 and \$10,300, respectively) disclosed the following:

- A review of 19 months of telecommunication charges identified eight phone numbers with frequent usage. While three phone numbers were determined to be business related, three phone numbers were determined to be personal calls totaling \$130 and two phone numbers totaling \$74.36 could not be identified as business related. In addition, for four of the 19 months, invoices that itemize long-distance usage could not be reviewed because the board did not maintain the invoices.
- Supporting documentation for eight (15%) of the 53 expense transactions could not be provided, which includes the four telecommunication invoices mentioned above.

Failure to restrict the use of board assets to business purposes and to maintain proper supporting documentation increases the risk that the board's assets will be subject to unauthorized and illegal uses.

The Louisiana State Polygraph Board should adopt a policy that restricts the use of telephones, computer, and Internet usage to board operations only. Furthermore, the board should review all long-distance usage and seek reimbursement for all non-business related charges from board members. In addition, the board should ensure that proper documentation is maintained for all incurred expenses. Management concurred with the finding and will determine a corrective action plan during the next board meeting (see Appendix A, page 1).

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

In planning and performing our audit, we considered the Louisiana State Polygraph Board's internal control over financial reporting 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 over financial reporting. However, we noted the matter relating to lack of usage policy and supporting documentation over board expenses as mentioned in the compliance section of this report that we consider to be a reportable condition. In addition, we noted two matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. The first matter relates to the board's operation and its limited staff that precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. The other reportable condition is described below. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana State Polygraph Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

### **Insufficient Controls Over License Fees**

The Louisiana State Polygraph Board has not established adequate control procedures over its license revenues. A good internal control system should include a reconciliation of licenses issued to the total fees collected and recorded in the accounting records and identify the disposition of each card as issued or not issued (voided or damaged).

The review of the board's revenue for fiscal years ended June 30, 2004, and June 30, 2003, (\$5,235 and \$4,725, respectively) disclosed that the board could not account for two of 90 license/renewal cards used in fiscal year 2004 and eight of 103 license/renewal cards issued in fiscal year 2003. While the board does issue consecutive numbered cards, the board does not have existing procedures to account for the





disposition of each card or a formal reconciliation process. Insufficient control procedures employed by the board increase the risk that errors and/or fraud will occur and not be detected in a timely manner and that license fees revenue will be materially misstated.

The Louisiana State Polygraph Board should establish control procedures that reconcile licenses issued to the total fees collected and recorded in the accounting records and identify the disposition of each card as issued or not issued. Management concurred in part with the finding but will determine a corrective action plan during the next board meeting (see Appendix A, page 2).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the inadequate segregation of duties, described previously, to be a material weakness.

This report is intended solely for the information and use of the Louisiana State Polygraph Board and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

MMG:EFS:PEP:ss

[POLYGRPH04]





# MANAGEMENT'S CORRECTIVE ACTION PLANS AND RESPONSES

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State of Louisiana  
**POLYGRAPH BOARD**



**MIKE FOSTER**  
GOVERNOR  
2003

**LOUISIANA POLYGRAPH BOARD**  
2003

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Shreveport, LA 71101  
(318) 425-4536

August 12, 2004

Mr. Steve Theriot, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot,

As Chairman of the Louisiana Polygraph Board, please consider this the official response to the reportable audit finding of your office regarding the issue of "Lack of Usage Policy and Supporting Documentation over Board Expenses".

I concur with your findings regarding this issue. The information will be presented to the Polygraph Board on September 11, 2004 for official action. I feel certain that restrictions will be placed on use of Board telephones, computers and internet usage to ensure their use for business matters only. Likewise, supporting documentation will be maintained to assure compliance.

A formal corrective action plan, anticipated completion date, and possible reimbursement costs will be determined at the aforementioned meeting.

The Louisiana Polygraph Board remains committed to providing the best service possible to our members as well as the citizens of the State of Louisiana. Thank you for calling this matter to our attention.

Sincerely,

*Baxter Welch* <sup>WJK</sup>

Baxter Welch, Chairman



**MIKE FOSTER**  
GOVERNOR  
2003

**LOUISIANA POLYGRAPH BOARD**  
2003

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**State of Louisiana**  
**POLYGRAPH BOARD**

August 12, 2004

Mr. Steve Theriot, CPA  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, Louisiana 70804-9397

Dear Mr. Theriot,

As Chairman of the Louisiana Polygraph Board, please consider this the official response to the reportable audit finding of your office regarding the issue of "Insufficient Controls over License Fees".

I concur in part with your findings regarding this issue. The information will be presented to the Polygraph Board on September 11, 2004 for official action. While perhaps not to the standards of your auditor, the use of consecutive number cards and subsequent need for a corresponding reconciliation is new to our accounting process. The errors noted were the result of utilization of consecutive numbered cards. Corrective action will be taken and supporting documentation will be maintained to assure compliance.

A formal corrective action plan, anticipated completion date, and set procedures will be determined at the aforementioned meeting.

The Louisiana Polygraph Board remains committed to providing the best service possible to our members as well as the citizens of the State of Louisiana. Thank you for calling this matter to our attention.

Sincerely,

Baxter Welch, Chairman