

RECEIVED  
LEGISLATIVE AUDITOR  
04 JUN 22 AM 11:09

---

**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**  
  
**FINANCIAL STATEMENTS**  
  
**DECEMBER 31, 2003**

---

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 6/30/04



RECEIVED  
LEGISLATIVE AUDITOR  
04 JUN 22 AM 11:09

**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**



**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1
<b><u>Financial Statements</u></b>	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Stockholder's Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 7
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	8





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
www.pncpa.com

**INDEPENDENT AUDITORS' REPORT**

Officers and Trustees  
Louisiana Municipal Advisory and Technical Services  
Bureau Corporation

We have audited the accompanying balance sheets of Louisiana Municipal Advisory and Technical Services Bureau Corporation (a wholly-owned subsidiary of Louisiana Municipal Association) as of December 31, 2003 and 2002, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. These financial statements are the responsibility of the management of Louisiana Municipal Advisory and Technical Services Bureau Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In accordance with *Government Auditing Standards*, we have also issued a report, dated May 6, 2004, on our consideration of the Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Municipal Advisory and Technical Services Bureau Corporation as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 6, 2004

**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**BALANCE SHEETS**  
**DECEMBER 31, 2003 AND 2002**

**ASSETS**

	<u>2003</u>	<u>2002</u>
Current assets:		
Cash	\$ 157,910	\$ 224,995
Income taxes receivable	11,240	-
Accounts receivable	1,775	150
	<u>170,925</u>	<u>225,145</u>
Total current assets		
Furniture and equipment , net	<u>11,838</u>	<u>16,474</u>
Total assets	<u>\$ 182,763</u>	<u>\$ 241,619</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Current liabilities:		
Accounts payable	\$ 31,335	\$ 81,084
Due to affiliate	34,944	34,944
	<u>66,279</u>	<u>116,028</u>
Total liabilities		
Stockholder's equity:		
Common stock, no par value, no stated value, 100 shares authorized, issued and outstanding	51,000	51,000
Retained earnings	65,484	74,591
	<u>116,484</u>	<u>125,591</u>
Total liabilities and stockholder's equity	<u>\$ 182,763</u>	<u>\$ 241,619</u>

See accompanying notes to financial statements.



**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
Revenues:		
Program administration fees	\$ 222,775	\$ 253,909
Interest income	6,333	7,612
	<u>229,108</u>	<u>261,521</u>
Expenses:		
Administrative fees	201,950	129,700
Accounting fees	3,600	3,600
Advertising	1,470	3,590
Audit fees	2,500	2,100
Bank charges	5,537	4,983
Depreciation	4,636	2,482
Legal fees	18,202	22,197
Rent	3,360	3,360
Public information	446	242
Office supplies	-	1,434
Professional services	-	4,000
Taxes	890	382
Telephone	-	385
Other	299	25
	<u>242,890</u>	<u>178,480</u>
Net (loss) income before income taxes	(13,782)	83,041
Income tax benefit (expense)	<u>4,675</u>	<u>(20,000)</u>
Net (loss) income	<u>\$ (9,107)</u>	<u>\$ 63,041</u>

See accompanying notes to financial statements.



**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2001	\$ 51,000	\$ 11,550	\$ 62,550
Net income	-	63,041	63,041
Balance, December 31, 2002	51,000	74,591	125,591
Net loss	-	(9,107)	(9,107)
Balance, December 31, 2003	\$ 51,000	\$ 65,484	\$ 116,484

See accompanying notes to financial statements.



**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Net (loss) income	\$ (9,107)	\$ 63,041
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation	4,636	2,482
Changes in operating assets and liabilities:		
Accounts and other receivables	(12,865)	2,571
Accounts payable and due to affiliate	(49,749)	39,919
Net cash (used in) provided by operating activities	<u>(67,085)</u>	<u>108,013</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Purchases of equipment	<u>-</u>	<u>(9,022)</u>
Net cash used in investing activities	<u>-</u>	<u>(9,022)</u>
Net change in cash	(67,085)	98,991
Cash, beginning of year	<u>224,995</u>	<u>126,004</u>
Cash, end of year	<u>\$ 157,910</u>	<u>\$ 224,995</u>

See accompanying notes to financial statements.





**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**(a) *Organization Background***

Louisiana Municipal Advisory and Technical Services Bureau Corporation (LaMats), a Louisiana corporation, is a wholly-owned subsidiary of Louisiana Municipal Association (LMA). LMA is an association for the municipalities of Louisiana and is incorporated as a non-profit corporation under the laws of the State of Louisiana. LaMats was incorporated in 1998 for the purpose of providing various advisory and technical services to the membership of the LMA.

**(b) *Depreciation***

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives of the assets are as follows:

Office equipment and furniture	5-7 years
Computer equipment and software	3 years

**(c) *Use of Estimates***

Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

**(d) *Cash and Cash Equivalents***

For the purpose of the statement of cash flows, cash includes in cash in demand accounts with banks.

**(e) *Basis of Accounting***

LaMats uses the accrual method of accounting. LaMats applies all applicable FASB pronouncements on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict with or contradict GASB pronouncements.

**(f) *Administrative Revenue***

LaMats receives administrative fees related to the insurance premium taxes collected on behalf of the municipalities participating in the program. LaMats receives an administrative fee of 3% in 2003 and 4% in 2002 of the insurance premium taxes collected on behalf of the municipality. Administrative fees are considered earned and recognized as revenues when collected from the insurance companies.

**(g) *Income taxes***

LaMats is considered a for-profit service organization taxable entity by the Internal Revenue Service and files a separate C-Corporation income tax return.

**LOUISIANA MUNICIPAL ADVISORY AND TECHNICAL SERVICES**  
**BUREAU CORPORATION**

**NOTES TO FINANCIAL STATEMENTS**

**2. INCOME TAXES**

No federal taxes were remitted or due in 2003. Income tax benefit of \$4,675 is as a result of loss carryback from the previous year. LaMats recognizes income tax liabilities using the liability method. During 2002, LaMats utilized all net operating loss carry forwards in 2002 and paid \$20,000 in federal income taxes.

**3. RELATED PARTY TRANSACTIONS**

LaMats pays LMA accounting fees for services performed on their behalf. The total accounting fees were \$3,600 for both 2003 and 2002. In addition, LaMats owes LMA \$34,944 for costs incurred during the start-up of the Company.

LaMats pays Risk Management, Inc. (RMI) rent for the space it conducts its operations. RMI is also a wholly owned subsidiary of LMA. LaMats paid RMI a total of \$3,360 for rent for both 2003 and 2002.

**4. ADMINISTRATIVE CONTRACT**

LaMats contracts the Palmer Group, based out of Tallahassee, Florida, to perform billing, collecting and administrating duties with the insurance premium tax program. LaMats' Board of Directors approves the contract with the Palmer Group on a yearly basis for services rendered. For 2003 and 2002, the Palmer Group was contracted to be paid approximately and \$16,800 and \$10,800 per month or \$201,950 and \$129,700 for the years ended December 31, 2003 and 2002, respectively.





**Postlethwaite & Netterville**

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States

www.pncpa.com

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

Officers and Trustees  
Louisiana Municipal Advisory and Technical Services  
Bureau Corporation

We have audited the financial statements of Louisiana Municipal Advisory and Technical Services Bureau Corporation as of and for the year ended December 31, 2003, and have issued our report thereon dated May 6, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Louisiana Municipal Advisory and Technical Services Bureau Corporation and the Louisiana Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
May 6, 2004