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LOUISIANA GOVERNMENT
PENSION TRUST

Report on Audit of Financial Statements
December 31, 1985

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Release Date 7-17-96

LOUISIANA HORSEMEN'S PENSION TRUST

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Richard H. Keiser

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The Board of Directors
Louisiana Horsemen's Pension Trust
New Orleans, Louisiana

INDEPENDENT AUDITORS' REPORT

I have audited the accompanying statement of assets, liabilities and net assets - cash basis of the Louisiana Horsemen's Pension Trust (a non-profit organization) as of December 31, 1995, and the related statements of revenues, expenses and other changes in net assets - cash basis for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in note 1, the organization prepares its financial statements on the basis of cash receipts and disbursements except that the statements include a provision for depreciation of buildings and equipment. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of the Louisiana Horsemen's Pension Trust as of December 31, 1995, and the results of its revenues, expenses and the changes in its net assets for the year then ended on the basis of accounting described in note 1.

As discussed in note 1 to the financial statements, in 1993 the Louisiana Horsemen's Pension Trust adopted the provisions of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 118, "Accounting for Contributions Received and Contributions Made," and No. 117, "Financial Statements of Not-For-Profit Organizations."

In accordance with Government Auditing Standards, I have also issued a report dated May 29, 1996, on my examination of the Louisiana Horsemen's Pension Trust's internal control structure and a report dated May 29, 1996, on its compliance with laws and regulations.


Richard H. Keiser, Jr.
Certified Public Accountant

May 29, 1996

Richard H. Keiser

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New Orleans, Louisiana

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

I have audited the financial statements of the Louisiana Homestead's Pension Trust as of and for the year ended December 31, 1995, and have issued my report thereon dated May 29, 1996.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Homestead's Pension Trust is the responsibility of the Louisiana Homestead's Pension Trust's management. As a part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Louisiana Homestead's Pension Trust's compliance with certain provisions of laws, regulations, contracts and grants. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of non-compliance that are required to be reported under government auditing standards.

This report is intended for the information of the audit committee, management, and The State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Richard H. Keiser, II
Certified Public Accountant

May 29, 1996

Richard M. Reiser

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE

I have audited the financial statements of the Louisiana Homeowner's Pension Trust as of and for the year ended December 31, 1993 and have issued my report thereon dated May 19, 1994.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

In planning and performing my audit of the financial statements of the Louisiana Homeowner's Pension Trust for the year ended December 31, 1993, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data in a manner that is consistent with the assertions of management in the financial statements.

The reportable condition noted is as follows:

No long range forecasting by management was observed during this audit.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

Because there was no prior year audit there was no review of the prior year's reportable conditions on the internal control structure, including applicable internal administrative controls to determine whether management had implemented appropriate corrective action to correct the conditions giving rise to these findings.

This report is intended for the information of the board of directors, management, the State of Louisiana Legislative Auditor. This opinion is not intended to limit the distribution of this report, which is a matter of public record.



Richard F. Kaiser, Jr.
Certified Public Accountant

May 28, 1996

THE LOUISIANA HORSEMEN'S PENSION TRUST

**SCHEDULE OF REPORTABLE CONDITIONS
For the Year Ended December 31, 1998**

Findings

No long range forecasting by management was observed during the audit.

Recommendations

Long range forecasting is important for deciding policies and being able to meet member needs.

THE LOUISIANA HORSEMEN'S PENSION TRUST
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
December 31, 1999

Assets

Current assets

Cash and cash equivalents	\$ 186,734
Total Current Assets	186,734

Non-current assets

Investments	2,034,806
Land, buildings and equipment (net)	<u>0</u>
Total assets	\$ 2,221,540

Liabilities

Current liabilities

Due to related parties	\$ 22,687
Total current liabilities	<u>22,687</u>

Net Assets

Unrestricted	1,998,853
Temporarily restricted	0
Permanently restricted	<u>0</u>
Total net assets	<u>1,998,853</u>
Total liabilities and net assets	\$ 2,221,540

The accompanying notes to the financial statements are an integral
part of these financial statements.

THE LOUISIANA HORSEMEN'S PENSION TRUST

STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN NET ASSETS - CASH BALANCE
December 31, 1988

Unrestricted Net Assets

Revenues

Interest income	\$ 880
Dividend income	<u>781,231</u>
Total unrestricted revenue	<u>782,111</u>

Expenses

Program services	187,784
Supporting services - management & general	<u>33,087</u>
	<u>220,871</u>
Decrease in unrestricted net assets	(48,764)
Increase in temporarily restricted net assets	0
Increase in permanently restricted net assets	<u>0</u>
Decrease in net assets	(48,764)

NET ASSETS AT BEGINNING OF YEAR	2,687,180
Decrease in allowance for unrealized loss on marketable equity securities	<u>37,248</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,724,428</u>

The accompanying notes to the financial statements are an integral part of these financial statements.

THE LOUISIANA HORSEBREEDERS PENSION TRUST

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS

The Louisiana Horsebreeders Pension Trust is a non-qualified deferred compensation retirement plan covering any owner/trainer of trainer who is a member and meets certain specification and age requirements. It is not a pension plan and it is not for employees. This plan has not applied for a determination regarding its tax status under the current provisions of the Internal Revenue Code. Its source of revenue is dividend income derived from investments.

BASE OF ACCOUNTING

The Company's policy is to prepare its financial statements on the cash basis of accounting; consequently, certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

INCOME TAXES

The Louisiana Horsebreeders Pension Trust is a non-profit organization that files as a taxable trust. No provision for income tax has been set aside since the organization had a loss in 1998.

FINANCIAL STATEMENT PRESENTATION

In 1995, the Organization adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its assets, liabilities, revenues and expenses according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Under those provisions, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

UNRESTRICTED NET ASSETS - Net assets that are not subject to donor-imposed stipulations.

TEMPORARILY RESTRICTED NET ASSETS - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization or the passage of time.

PERMANENTLY RESTRICTED NET ASSETS - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the organization.

As permitted by this new statement, the organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets.

THE LOUISIANA HORSEREM'S PENSION TRUST

NOTES TO FINANCIAL STATEMENTS December 31, 1995

CONTRIBUTIONS

The Organization in 1995 also adopted SFAS No. 118, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 118, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

CONTRIBUTED SERVICES

During 1995, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2. PROPERTY AND EQUIPMENT

Property, plant and equipment are carried at a cost. Depreciation is computed using the straight-line or double declining balance method over the estimated useful lives of the respective assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterment are capitalized. The following is a summary of the major classes of property and equipment and the related depreciation.

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>NET</u>
Computer	\$1,489	\$,449	\$—0

NOTE 3. INVESTMENTS

The current portfolio of marketable equity securities are carried at their lower of cost or market at the balance sheet date. Marketable equity securities had a cost of \$2,821,235 at December 31, 1995. The market value of these securities at December 31, 1995 is \$2,842,300.

NOTE 4. RELATED PARTY TRANSACTIONS

The Louisiana Horserem's Pension Trust shares certain overhead costs with the Louisiana Horserem's Benevolent and Protective Association 1993, Inc. and The Louisiana Horserem's Medical Benefit Trust. The Louisiana HBPA 1993, Inc. generally pays the overhead expenses and fees is reimbursed. In 1995 the Louisiana Horserem's Pension Trust reimbursed the Louisiana HBPA 1993, Inc. \$24,873 for its share of overhead expenses, such as telephone, office supplies, occupancy expense, insurance, etc. At December 31, 1995 the Louisiana Horserem's Pension Trust still owed the Louisiana HBPA 1993, Inc. \$12,379. The pension trust also paid \$2,402 in rent to the Louisiana HBPA 1993, Inc. for common office space shared.

The pension trust owed \$70,318 to the Louisiana Horserem's Medical Benefit Trust for an unreimbursed overhead expenses paid by the medical trust for the pension trust during 1995 and is still owed at year end.

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

My audit report on the basic financial statements of the Louisiana Parsonage's Pension Trust, appears on page 1. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on page 11 added to the above statements is prepared for purposes 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 examination of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 1995 taken as a whole.



Richard P. Reiser, Jr.
Certified Public Accountant

May 20, 1996

THE LOUISIANA HORSEBREEDERS' PENNSION TRUST

SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1995

	Program Expenses		Supporting Services Management and General		Total
	\$	0	\$	0	\$
Accounting & audit			3,111		3,111
Retirement benefits	121,388		0		121,388
Trust management fee	0		6,712		6,712
Travel & meeting expenses	3,787		0		3,787
Insurance	0		7,834		7,834
Legal	6,570		6,570		13,140
Occupancy expense	0		3,686		3,686
Professional services	8,485		0		8,485
Taxes & license	3,801		3,328		6,929
Postage & freight	733		0		733
Printing	353		0		353
Rent	2,451		0		2,451
Repairs & maintenance	0		1,033		1,033
Office supplies and expense	0		2,084		2,084
Telephones	3,015		0		3,015
Wages	17,501		0		17,501
Miscellaneous expenses	0		323		323
Total Program Expenses	<u>\$ 187,704</u>		<u>\$ 30,681</u>		<u>\$ 205,475</u>

See accountant's report on additional information