

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Department of the Treasury
State of Louisiana
Baton Rouge, Louisiana

December 18, 1997



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Baton Rouge, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules**

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.

December 10, 1997

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA**

*Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules*

CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements:		3
Special Purpose Financial Statements:		
Balance Sheet (Legal Basis) - All Appropriated and Non-Appropriated Funds	A	5
General Appropriation Fund		
Statement of Revenues, Expenditures, and Changes in Fund Balance (Legal Basis)	B	6
Statement of Revenues, Expenditures, and Unexpended Appropriation - Budget Comparison of Current-Year Appropriation - Budget (Legal Basis) and Actual	C	7
Notes to the Financial Statements		8
	Schedule	Page No.
Supplemental Information Schedules:		
Schedule of Per Diem Paid State Bond Commission Members	1	18
Schedule of Non-Appropriated Revenues - Major State Revenues and Income Not Available	2	19
Schedule of Changes in Balances - Non-Appropriated - Agency Funds	3	21

CONTENTS (CONT.)

Exhibit

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

A



OFFICE OF
LEGISLATIVE AUDITOR
 STATE OF LOUISIANA
 BAYOU BOULE, LOUISIANA 70004-0007

DANIEL S. KYJE, PH.D., CPA, CFE
 LEGISLATIVE AUDITOR

2025 REPORT COVER DESIGN BY
 BRUCE GARDNER, BRUCE GARDNER
 THE GARDNER GROUP, P.O. BOX 1000
 FAYETTEVILLE, MISSISSIPPI 38870-1000

December 9, 1997

**Independent Auditor's Report
 on the Financial Statements**

**HONORABLE KEN DUNCAN
 STATE TREASURER
 DEPARTMENT OF THE TREASURY
 STATE OF LOUISIANA
 Baton Rouge, Louisiana**

We have audited the accompanying special purpose (legal basis) financial statements of the Department of the Treasury, a department within Louisiana state government, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Department of the Treasury. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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.

As described in note 1-B to the financial statements, the accompanying special purpose financial statements present only the funds of the Department of the Treasury. As such, they present the appropriated and non-appropriated activity of the department that are part of the accounts and fund structure of the State of Louisiana. Furthermore, the financial statements have been prepared in accordance with accounting procedures prescribed by the Office of the Governor, Division of Administration, which is a comprehensive basis of accounting other than generally accepted accounting principles, the purpose of which is to reflect compliance with the annual appropriation act and other state laws and regulations.

In our opinion, the accompanying special purpose financial statements referred to above present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Department of the Treasury at June 30, 1997, and the transactions

LEGISLATIVE AUDITOR

HONORABLE KEN DUNCAN
STATE TREASURER
DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Audit Report, June 30, 1997

of the General Appropriation Fund for the year then ended, on the basis of accounting described in note 1-B.

In accordance with Government Auditing Standards, we have also issued a report dated December 8, 1997, on our test of the Department of the Treasury's compliance with certain provisions of laws and regulations and our consideration of its internal control over financial reporting.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements of the Department of the Treasury taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and have been subjected to the procedures applied in the audit of the financial statements and, in our opinion, are stated fairly in all material respects in relation to the special purpose financial statements taken as a whole.

In accordance with Louisiana Revised Statute 24:516, our report is intended for the information and use of the department and its management and should be used solely as intended by the foregoing statute. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel S. Kyle, CPA, CFE
Legislative Auditor

YYG:WMB/sjs

08/04/97

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
ALL APPROPRIATED AND
NON-APPROPRIATED FUNDS

Balance Sheet (Legal Basis), June 30, 1987

	APPROPRIATED FUNDS - GENERAL APPROPRIATION	NON-APPROPRIATED FUNDS			TOTAL DEPARTMENTAL (000, 0)
		REVENUES AND INCOME NET AVAILABLE	ENTRUST CLEARING	SECURITY	
ASSETS					
Open (code 1-0)	\$1,870,737		\$83,500	\$1,888,237	\$3,040,974
Receivables:					
Fees and self-generated revenues	110,800				110,800
Major state revenues and income not available		\$79,177,148			79,177,148
Due from others (code 2)	181,710,487				181,710,487
Other receivables	3,807				3,807
TOTAL ASSETS	\$183,694,831	\$79,177,148	\$83,500	\$1,888,237	\$382,843,716
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$887,018				\$887,018
Payroll payable	78,328				78,328
Payroll deductions payable			\$14,700		\$14,700
Accrued employee benefits			17,807		17,807
Due to state General Fund (code 1)	\$21,884,880				\$21,884,880
Major state revenues and income not available due state treasury		\$8,177,148			\$8,177,148
Other liabilities				\$4,504,088	\$4,504,088
Total Liabilities	\$22,870,226	\$8,177,148	\$32,507	\$4,504,088	\$35,584,069
Fund Equity - fund balance:					
Reserved for continuing operations (code 6)	\$70,000				\$70,000
Unreserved - undesignated (code 8)	178,820				178,820
Total Fund Equity	\$248,820	none	none	none	\$248,820
TOTAL LIABILITIES AND FUND EQUITY	\$248,820,886	\$87,177,148	\$32,507	\$4,504,088	\$382,843,716

The accompanying notes are an integral part of this statement.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
Changes in Fund Balance (Legal Basis)
For the Year Ended June 30, 1997

REVENUES

Appropriated by legislature:

State General Fund	\$661,587
State General Fund by fees and self-generated revenues	2,213,278
State General Fund by statutory dedications	187,800
State General Fund by interagency transfers	1,027,325
Total revenues	<u>4,419,990</u>

EXPENDITURES

Administrative	421,818
Financial accountability and control	1,487,058
Debt management	883,858
Investment management	580,857
Total expenditures	<u>3,323,408</u>

EXCESS OF REVENUES OVER EXPENDITURES 1,096,514

OTHER APPROPRIATED FINANCING SOURCES (USES)
TRANSFERS IN 501,155,728

TRANSFERS OUT 1101,594,902

FUND BALANCE AT BEGINNING OF YEAR 864,969

ADJUSTMENT (note 18) (483,724)

FUND BALANCE AT END OF YEAR 3493,692

The accompanying notes are an integral part of this statement.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
GENERAL APPROPRIATION FUND

Statement of Revenues, Expenditures, and
Unexpended Appropriation - Budget
Comparison of Current-Year Appropriation -
Budget (Legal Basis) and Actual
For the Year Ended June 30, 1997

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Appropriated by legislature:			
State General Fund	\$207,000	\$891,987	(\$684,987)
Federal funds	1,000		(1,000)
State General Fund by fees and self-generated revenues	2,491,988	1,693,951	797,994
State General Fund by statutory deduction	218,280	228,200	
State General Fund by interagency transfers	1,148,945	1,071,858	78,283
Total appropriated revenues	<u>4,794,981</u>	<u>3,885,996</u>	<u>908,985</u>
EXPENDITURES			
Appropriated for:			
Administration	448,235	419,871	28,364
Financial accountability and control	1,665,879	1,490,647	175,232
Debt management	1,680,202	893,189	787,013
Investment management	902,318	928,389	(26,071)
Total appropriated expenditures	<u>4,796,634</u>	<u>3,732,096</u>	<u>1,064,538</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR	<u>HOME</u>	<u>\$173,799</u>	<u>\$173,799</u>

The accompanying notes are an integral part of this statement.

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

The funds presented in the special purpose financial statements are described as follows:

GENERAL APPROPRIATION FUND

The General Appropriation Fund accounts for all appropriated revenues, operating expenditures, and minor capital acquisitions. The fund also accounts for bond and imposed fund advances and debts appropriated in the annual auxiliary appropriations act for use by various state agencies.

NON-APPROPRIATED FUNDS

Major State Revenues and Income Not Available

The department collects major state revenues that are deposited in various statutorily dedicated funds. In addition, the department collects funds specifically identified by the Division of Administration, State Budget Office, as income not available to the department for expenditure and are, therefore, not included on Statement B but are detailed on Schedule 2.

Agency Funds

Payroll Clearing Fund

The Payroll Clearing Fund accounts for payroll deductions and accrued benefits.

Escrow Fund

The Escrow Fund consists of amounts received from other agencies and units of government. These agencies are required by statute to remit state-issued checks, deposits received from others, and other funds not available for current operations and that are not required to be remitted to the state General Fund.

The non-appropriated funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

B. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the department. This differs from generally accepted accounting

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

principles in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Division of Administration, Office of Statewide Reporting and Accounting Policy. These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the department and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the department uses the following practices in recognizing revenues and expenditures.

Revenues

The state General Fund appropriation is recognized in the amounts appropriated, to the extent withdrawn from the state treasury. Fees and self-generated revenues, interagency transfers, statutory dedications, and non-appropriated revenues are recognized in the amounts earned, to the extent that they will be collected within 45 days of the close of the fiscal year.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employee vested annual and sick leave are recognized as expenditures when paid. Furthermore, any expenditures of a long-term nature for which funds have not been appropriated during the current year are not recognized in the accompanying financial statements.

Other Appropriated Financing Sources (Uses)

Transfers are recognized in the year the department is authorized to receive or make the transfer in accordance with provisions of the Division of Administration, Office of Statewide Reporting and Accounting Policy.

DEPARTMENT OF THE TREASURY
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

The Escrow Fund is reported on a cash basis of accounting. Additions are recognized when they are received, and deductions are recognized when paid.

C. CASH

Cash is composed of the following:

Under control of the department:	
Cash in demand accounts	\$1,100
Petty cash (on hand)	100
Cash on deposit with the state treasury	<u>3,809,058</u>
Total	<u>\$3,810,258</u>

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. The department has deposit balances (collected bank balances) of \$3,172 at June 30, 1997, which are fully secured from risk by federal deposit insurance (GAAP Risk Category 1).

Cash balances are held and controlled by the state treasurer and are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements. The following is a summary of cash in the state treasury:

Means of finance	\$1,501,710
GIS operating	110,754
Payroll clearing	32,509
Escrow Fund	<u>1,384,085</u>
Total	<u>\$3,029,058</u>

D. GENERAL FIXED ASSETS

At June 30, 1997, the department has stewardship responsibility for \$447,822 in governmental movable property, valued at historical cost at the time of acquisition. The movable property is not reflected in the accompanying special purpose financial statements. A summary of changes in movable property follows:

DEPARTMENT OF THE TREASURY
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Movable property	<u>\$485,872</u>	<u>\$67,444</u>	<u>\$23,384</u>	<u>\$529,932</u>

B. LONG-TERM OBLIGATIONS

The department is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the department arising from lease commitments, judgments, compensated absences, or from any other source are not recognized in the accompanying special purpose financial statements.

F. ENCUMBRANCE ACCOUNTING

Encumbrances represent commitments relating to unperformed contracts for goods or services. The department employs encumbrance accounting during the year to ensure compliance with the annual appropriation act. Encumbrances are not included in the accompanying financial statements because Louisiana Revised Statute (R.S.) 39:62 and the annual appropriation act do not allow the department to charge encumbrances against its current-year appropriations, the basis upon which the accompanying financial statements have been prepared. The department has no encumbrances at June 30, 1997.

G. BUDGET PRACTICES

The appropriation made for the general operations of the department is an annual lapping appropriation valid for one year and is recorded in the General Appropriation Fund. Revenues and expenditures for budget are recognized on the same basis of accounting as described in note 1-B, except the accrual of payrolls at fiscal year-end are not recognized as expenditures on Statement D, and the carryover of prior-year revenues are shown as revenues on Statement C.

The amounts reflected on Statement D are reconciled with the amounts reflected on Statement C as follows:

DEPARTMENT OF THE TREASURY
 STATE OF LOUISIANA
 Notes to the Financial Statements (Continued)

Statement B revenues	34,419,000
contingency dedication	60,700
Transfer out	(779,187)
Carryover of prior-year revenues for State Bond Commission rebates	<u>168,570</u>
Statement C revenues	<u>\$3,891,003</u>
Statement B expenditures	\$3,503,404
Prior-year payroll accrual	74,038
Current-year payroll accrual	<u>(78,818)</u>
Statement C expenditures	<u>\$3,520,625</u>

The department is prohibited by statute from over expending the categories established in the general appropriation act. Budget revisions are granted by the Joint Legislative Committee on the Budget. Interim emergency appropriations may be granted by the Interim Emergency Board. The budget information included in the financial statements includes the original appropriation as follows:

	In thousands				Total
	Administration	Financial Accountability and Control	State Management	Treatment Management	
Original approved budget	\$405,134	\$1,401,100	\$1,464,200	\$850,130	\$4,120,564
Reversible changes	(21,294)	(227,100)		(21,490)	\$719,080
Budget adjustments	10,600	70,000		10,600	200,200
Final budget	<u>\$494,440</u>	<u>\$1,244,000</u>	<u>\$1,464,200</u>	<u>\$839,240</u>	<u>\$4,041,880</u>

The non-appropriated funds are not subject to budgetary control.

H. LEAVE BENEFITS

Employees earn and accumulate annual and sick leave at various rates depending on their years of service, without limitation on the balance that can be accumulated. 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 but are not compensated for unused sick leave. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused annual leave payable at June 30, 1997, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 000.106, is estimated to be \$134,874. This leave payable is not recorded in the accompanying special purpose financial statements.

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

1. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position. Neither is such data compatible to a consolidation.

2. DUE FROM OTHERS

As shown on Statement A, the department has a net amount of \$101,113,497 due from others at June 30, 1997. This amount includes travel and interest fund advances of \$2,903,695 paid by the department to various state agencies, as authorized by the Commissioner of Administration, and seed advances of \$90,767,000 to various units of state government, as appropriated annually by the legislature in the Biennial Appropriations Act. These amounts are returned to the state General Fund annually through the department's operating appropriation.

3. PENSION PLAN

Substantially all employees of the Department of the Treasury are members of the Louisiana State Employees Retirement System, a multiple-employer, defined benefit pension plan. Required disclosures for the plan for fiscal year 1997 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Louisiana Division for Administration, Post Office Box 94925, Baton Rouge, Louisiana 70894-9205.

**4. POST-RETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The department provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the department's employees become eligible for these benefits if they reach normal retirement age while working for the department. These 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 the department. The department's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1997, the number of retirees is 17 and the costs of retiree benefits totaled \$21,193.

**5. JUDGMENTS, CLAIMS, AND
SIMILAR CONTINGENCIES**

Liabilities and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by General Fund appropriation and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's self-insurance program.

**DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

6. LEASE OBLIGATIONS

The department had no material capital or operating leases as of June 30, 1997.

7. DUE TO STATE GENERAL FUND

As shown on Statement A, the department has \$101,934,962 due to the State General Fund. Of this amount, \$5,100 represents advances received by the department for the travel and import fund account and \$779,109 of excess self-generated revenue due to state General Fund. The remainder of \$101,150,885, as discussed in note 2, represents advances made to various agencies for travel and import funds (\$2,563,066) and seed advances (\$98,767,000). These amounts are returned annually to the Department of the Treasury by the various agencies. At June 30, 1997, these advances represent a liability to the department and must be repaid to the state General Fund and reestablished annually by the ordinary appropriations act.

**8. FUND BALANCE - UNRESERVED -
UNDESIGNATED (Deficit)**

As shown in Statement A, the department has an unreserved - undesignated fund deficit of \$79,810 at June 30, 1997, as a result of an adjustment for payroll payables. This deficit will be liquidated with funds appropriated for the 1997-98 fiscal year.

9. RESERVED FOR CONTINUING OPERATIONS

The department has a total of \$570,399 reserved for continuing operations. This represents \$432,944 of monies that will be retained in fiscal year 1997-98 to governmental and private issuers of debt for excess closing fees paid to the State Bond Commission in the previous fiscal year. The remaining amount of the reserve (\$137,454) is for an investment consultant, investment manager, and third party measure in regard to the equity investment program for the Louisiana Education Quality Trust Fund in the Investment Division, pursuant to Act 17 of the Regular Session of 1996.

**10. ADJUSTMENT TO FUND BALANCE
AT BEGINNING OF YEAR**

Adjustment to the beginning fund balance of the General Appropriation Fund, as shown on Statement B, is \$488,734, which is due in the state treasury.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

11. OTHER CHARGES

In accordance with instructions of the Division of Administration, State Budget Office, certain expenditures of the department are designated as other charges. These amounts represent banking and other financial service charges as well as the State Bond Commission Rebates and totaled \$638,239 for the fiscal year.

The State Budget Office has designated these funds in this manner to identify the charges associated with state banking and investment activities. Under generally accepted accounting principles, these expenditures would have been recognized within their proper expenditure categories and objects.

12. DEFERRED COMPENSATION PLAN

Certain employees of the department participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
For the Year Ended June 30, 1987

SCHEDULE OF PER DIEM PAID
STATE BOND COMMISSION MEMBERS

The per diem paid to State Bond Commission members is presented on Schedule 1, as required by House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. In accordance with Louisiana Revised Statutes 24:31 and 42:2.1, each member is paid \$75 for each day devoted to the work of the commission.

SCHEDULE OF NON-APPROPRIATED
REVENUES - MAJOR STATE REVENUES
AND INCOME NOT AVAILABLE

Schedule 2 reflects major state revenues and income not available collected by the department during the year that was not available for expenditures.

SCHEDULE OF CHANGES IN BALANCES

Schedule 3 presents the changes in balances for the non-appropriated funds for the year ended June 30, 1987.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANASchedule of Per Diem Paid
State Bond Commission Members
For the Year Ended June 30, 1967

	<u>NUMBER</u>	<u>AMOUNT</u>
John A. Alamo, Jr.	9	\$675
Robert J. Barham	3	325
James B. Cain*	3	325
Jay Dantonio*	3	325
Hunt Downer	7	525
Francis Helmier	1	75
John Helmier	4	300
Jon D. Johnson	9	675
Jerry LeBlanc	7	525
Arthur Lentini	1	75
Kenneth Collins	1	75
Paulette Orins	1	75
John R. Smith	10	900
Joe Saffer	3	225
Total		<u>\$4,725</u>

*These persons are not members of the State Bond Commission,
but substituted for the members and were paid per diem.

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
MAJOR STATE REVENUES AND
INCOME NOT AVAILABLE

Schedule of Non-Appropriated Revenues
For the Year Ended June 30, 1997

NON-APPROPRIATED REVENUE FUND SOURCE	CASH RECEIPTS THROUGH JUNE 30, 1997	ACCOUNTS RECEIVABLE AT JUNE 30, 1997	TOTAL REVENUES
Income not available - miscellaneous	\$071		\$071
Major state revenues			
Agricultural Products Processing Fund	808		808
Agricultural Commodity	3,115		3,115
Alarm Regulatory	5,211		5,211
Alan Parks Local Government Mitigation	800	(180)	620
Alcohol and Drug Abuse	240		240
Artificial Reef Development Fund	491,508		491,508
Arroyales, Poyab Local Government Mitigation	388	(788)	(400)
Battered Women's Shelter	24,587	10,214	34,801
Black Workers Trust Fund	24,527		24,527
Colombia Visitor Trust Fund	3,255		3,255
Capital Valley TRSBC Reserve	8,802,182		8,802,182
Casino Gaming Proceeds Fund	7,100		7,100
Compulsive and Problem Gambling	58,788		58,788
Conserved Heritage Permit	18,208		18,208
Conservation Fund	248,648		248,648
Continental Learning Board		20,280	20,280
Dolph and Shortall Fund	186,588,080	58,157,854	244,745,934
Drainage Affairs Trust	41,858	1,387	43,245
Drug Treatment Fund	4,787		4,787
DWI Test Maintenance and Training Fund	13,488		13,488
Education Quality Enhancement Trust	21,248,558		21,248,558
Education Quality Support Fund	88,181,852	5,887,473	94,069,325
Federal Energy Refinement	8,858,214		8,858,214
Federal State Fiscal Assistance Trust Fund	28,258		28,258
Fer and Wigger Education Fund	12,558		12,558
Interest earnings	58,188,218	8,222	66,416,440
Judges Supplemental	90,128		90,128
Legal Support Fund	83,488		83,488
Literacy Fund	587		587
Louisiana Alligator Resource Fund	55,587		55,587
Louisiana Economic Development Fund	7,413,845		7,413,845
Louisiana Environmental Education	58		58
Louisiana Heritage Trust Fund	3,227		3,227
Louisiana Lottery Proceeds	181,788,572	13,858,918	195,647,490
Louisiana Operation Game Thief	18		18
Louisiana Medical Assistant	1,788,628		1,788,628
Louisiana Senior Citizens Trust	48		48

(Continued)

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
MAJOR STATE REVENUES AND
INCOME NOT AVAILABLE
Schedule of Non-Appropriated Revenues, 1987

NON-APPROPRIATED REVENUE FUND SOURCE	CASH RECEIPTS	ACCOUNTS RECEIVABLE AT	TOTAL
	THROUGH JUNE 30, 1987	JUNE 30, 1987	REVENUES
Major state revenues (Cont.)			
Louisiana Special Olympics Checkoff	(94,582)		(94,582)
Louisiana 1984 Turkey Stamp Fund	2,219		2,219
Louisiana Workers' Compensation Administration	8,954,181		8,954,181
Miscellaneous Audit and Settlement Fund	1,182,181		1,182,181
Miscellaneous receipts	1,845,002	\$15,834	1,860,836
Natural Heritage Account Fund	2,196		2,196
New Orleans Motor Convention and Visitor Bureau	43,881		43,881
Oil Spill Contingency	687,002		687,002
Oilfield Site Restoration Fund	488,151		488,151
Oyster Development Account	7,849		7,849
Public Compensation	3,098,418		3,098,418
Rabies and Amputation Research	174		174
Restoration Refuge	1,816,434	1,258	1,817,692
Roseate Spoonbill Special Appropriation	432,028		432,028
Russell Sage/Marsh Island	74,018		74,018
Russell Sage/Marsh Island Refuge	583,488		583,488
Russell Sage/Marsh Island Special Appropriation	3,348		3,348
Russell Sage/Marsh Island Special Fund 2	36,715		36,715
To Help Our Wild Life Fund	2,827		2,827
Transportation Trust Fund	18,022,028		18,022,028
Tuition Assistance	52,224		52,224
United States Checkoff	14		14
Volunt Family Welfare Checkoff	620		620
Volunteer Firefighters Insurance	16,882		16,882
Washington, Commerce Facility	58,000		58,000
Webster Parish Convention and Visitor	177		177
Wetlands Conservation	11,544,752		11,544,752
Wine Parish Tourism Fund	187		187
Wildlife Protection Trust Fund	181,851		181,851
Wildwood Development	118,358		118,358
Youthful Offender Management	8,786		8,786
Subtotal - major state revenues	<u>42,288,181</u>	<u>16,117,148</u>	<u>58,405,329</u>
Total non-appropriated revenues	<u>1,993,088,178</u>	<u>818,117,148</u>	<u>2,811,205,326</u>

(Concluded)

DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
NON-APPROPRIATED - AGENCY FUNDS

Schedule of Changes in Balances
For the Year Ended June 30, 1997

	PAYROLL CLEARING FUND	ESCROW FUND
BALANCES AT BEGINNING OF YEAR	<u>\$31,889</u>	<u>\$1,805,450</u>
ADDITIONS		
Transfers from general appropriation	1,016,000	
Unclaimed property		804,481
State-dated checks		78,000
ESB rolling deposit		60,500
Total additions	<u>1,016,000</u>	<u>1,672,981</u>
Total	<u>1,047,889</u>	<u>2,178,431</u>
DEDUCTIONS		
Payroll deductions and employee benefits	1,015,700	
State-dated checks		487,878
Unclaimed property		388,858
Total deductions	<u>1,015,700</u>	<u>1,273,634</u>
BALANCES AT END OF YEAR	<u>\$32,189</u>	<u>\$1,904,797</u>

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance laws and regulations and on internal controls as required by Government Auditing Standards, issued by the Comptroller General of the United States. This 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.



BARBARA KYLL, Ph.D., CPA, CFE
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-1107

4400 MONTE SIEBER BLVD #1
PORT OF ORLEANS, LA 70114
TELEPHONE: (504) 387-7610
FACSIMILE: (504) 387-7611

December 8, 1997

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

HONORABLE KEN DUNCAN
STATE TREASURER
DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have audited the special purpose (legal basis) financial statements of the Department of the Treasury, a department within Louisiana state government, as of and for the year ended June 30, 1997, and have issued our report thereon dated December 8, 1997. We conducted our audit in accordance with generally accepted auditing standards 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 Department of the Treasury'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 these 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 Department of the Treasury's internal control over financial reporting 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

LEGISLATIVE AUDITOR

HONORABLE RIM DUNCAN
STATE TREASURER
DEPARTMENT OF THE TREASURY
STATE OF LOUISIANA
Compliance and Internal Control Report
December 8, 1997
Page 2

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 for the information and use of the department and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

YTD:RMB:ses

2/2/98