Louisiana Legislative Auditor
A Component Unit of the
State of Louisiana

Financial Statements
For the Year Ended June 30, 2018

OUR VISION

We envision an accountable, transparent, responsive government that provides efficient and effective services for the benefit of the people of Louisiana.

OUR MISSION

To foster accountability and transparency in Louisiana government by providing the Legislature and others with audit services, fiscal advice, and other useful information.

OUR GOALS

Plan and perform quality audit and advisory services of state and local government and not-for-profit organizations in an efficient and effective manner.

Communicate the results of our audit services to the public, legislature, public officials, and other decision makers timely and effectively.

This document is produced by the Louisiana Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Ten copies of this public document were produced at an approximate cost of $12.50. 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 Louisiana Legislative Auditor's Web site at www.lla.la.gov. When contacting the office, you may refer to Agency ID No. 9286 or Report ID No. 72182990 for additional information.

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INDEPENDENT AUDITOR'S REPORT

November 15, 2018

Louisiana Legislative Auditor
Baton Rouge, LA

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Louisiana Legislative Auditor, a component unit of the State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Louisiana Legislative Auditor's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Louisiana Legislative Auditor as of June 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 9 to the financial statements, for the year ended June 30, 2018, the Louisiana Legislative Auditor implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard required the Louisiana Legislative Auditor to record its proportionate share of the total collective other postemployment benefit (OPEB) amounts related to its participation in two OPEB plans, the Office of Group Benefits Plan and the LSU System Health Plan, restating the earliest year presented. As a result of the implementation, the Louisiana Legislative Auditor's net position decreased by $19,234,609, the OPEB liability increased by $19,848,235, and deferred outflows of resources increased by $613,626 as of July 1, 2017.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of employer's proportionate share of the total collective OPEB liability, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Legislative Auditor's basic financial statements. The combining schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the financial statements of the Louisiana Legislative Auditor. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the Louisiana Legislative Auditor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana Legislative Auditor's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the Louisiana Legislative Auditor's financial performance presents a narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the basic financial statements, which follow this section.

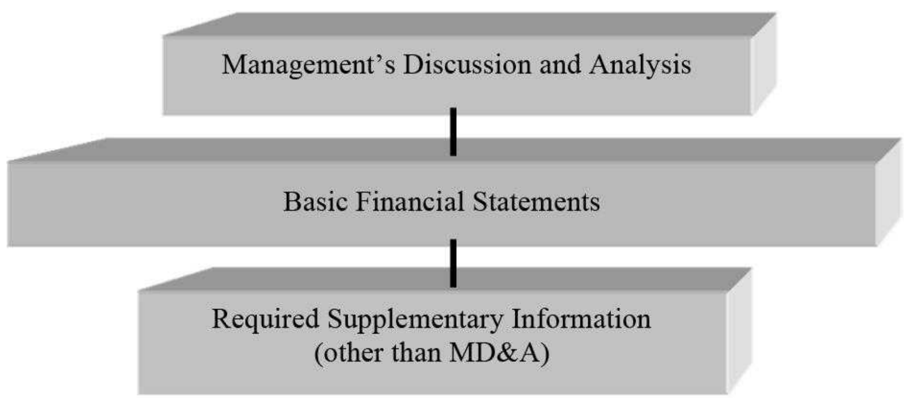
FINANCIAL HIGHLIGHTS

The Louisiana Legislative Auditor's net position decreased by $557,501 to ($89,621,918) from June 30, 2017, to June 30, 2018.

Program revenues decreased by $349,268 to $22,974,865. General revenues fluctuate depending upon levels of appropriations received from the State General Fund. General revenues decreased by $826,325, from $9,039,477 to $8,213,152.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The following graphic illustrates the minimum reporting requirements established by Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



This financial report consists of three sections: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Required Supplementary Information. Management's Discussion and Analysis is intended to serve as an introduction to the Louisiana Legislative Auditor's basic financial statements. The Basic Financial Statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the Basic Financial Statements, such as Required Supplementary Information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Louisiana Legislative Auditor's finances in a manner similar to private-sector businesses.

The Statement of Net Position (page 14) presents information on all of the Louisiana Legislative Auditor's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position may provide a useful indicator of whether the financial position of the Louisiana Legislative Auditor is improving or deteriorating. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the office. Financial statement readers are also able to determine how much the Louisiana Legislative Auditor owes vendors and others. Finally, the Statement of Net Position provides a summary of the combined net position and their availability for expenditure.

The Statement of Activities (page 15) presents information showing how the Louisiana Legislative Auditor's net position changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Louisiana Legislative Auditor uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Louisiana Legislative Auditor's only fund, the general fund.

The Louisiana Legislative Auditor uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Louisiana Legislative Auditor's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and governmental activities.

Notes to the Financial Statements

The notes (pages 16-40) provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Louisiana Legislative Auditor's budgetary comparison (Schedule 1), proportionate share of the total collective other postemployment benefits (Schedule 2), proportionate share of the net pension liability (Schedule 3), and pension contributions (Schedule 4).

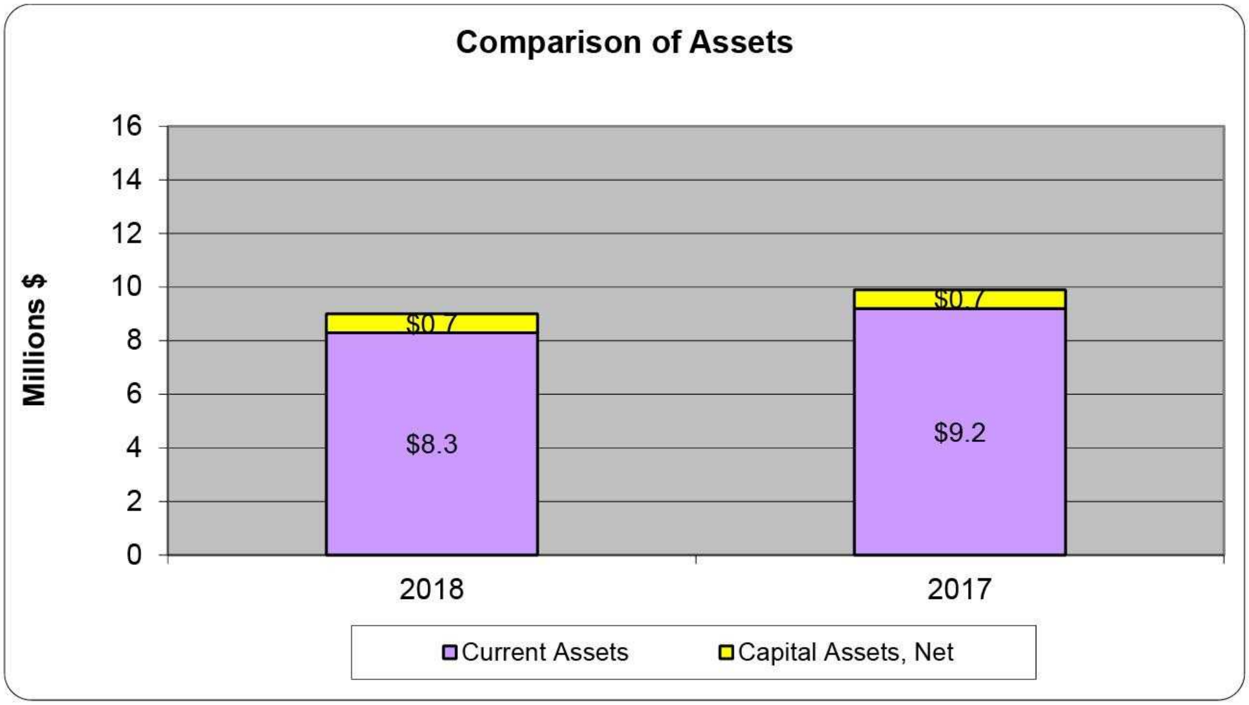
Following the required supplementary information is other supplementary information that further explains and supports the information in the financial statements (Schedules 5 and 6).

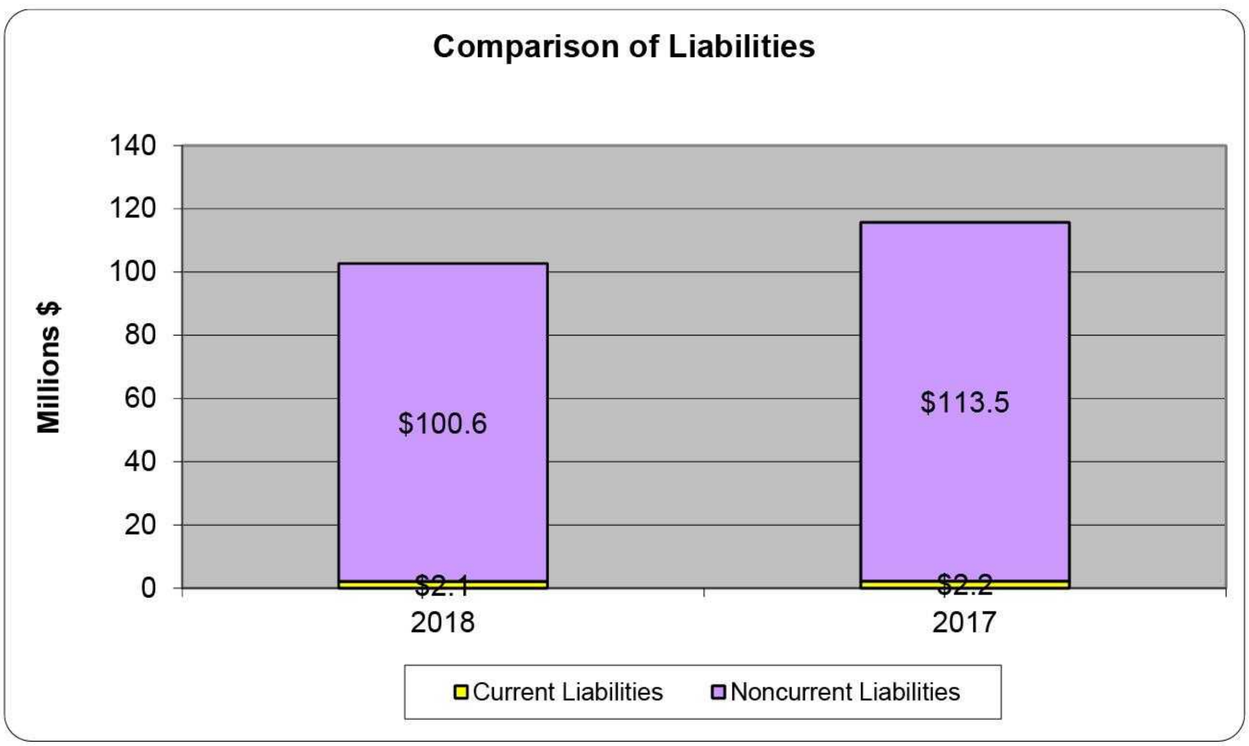
FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

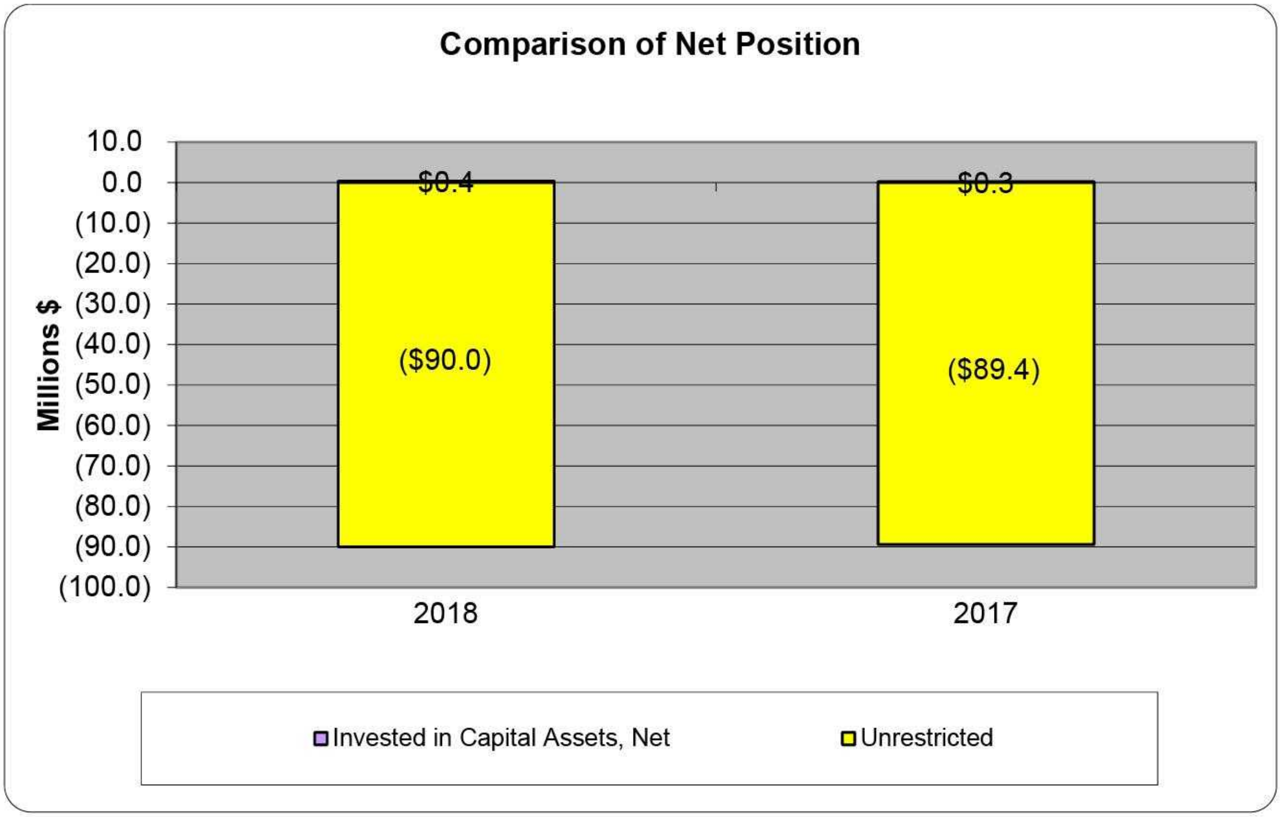
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Louisiana Legislative Auditor, liabilities and deferred inflows exceeded assets and deferred outflows by $89,621,918 at the close of the most recent fiscal year. Included in the Louisiana Legislative Auditor's net position is its net investment in capital assets (e.g., equipment). These assets are not available for future spending.

Comparative Statement of Net Position
For the Years as of
June 30, 2018 and 2017

	2018	Restated 2017	Change	Percentage Change
Assets				
Current assets	$8,272,451	$9,173,359	($900,908)	(9.8%)
Capital assets, net	743,315	751,360	(8,045)	(1.1%)
Total assets	9,015,766	9,924,719	(908,953)	(9.2%)
Deferred Outflows	10,032,835	17,705,569	(7,672,734)	(43.3%)
Liabilities				
Current liabilities	2,098,190	2,211,989	(113,799)	(5.1%)
Noncurrent liabilities	100,562,319	113,452,111	(12,889,792)	(11.4%)
Total liabilities	102,660,509	115,664,100	(13,003,591)	(11.2%)
Deferred Inflows	6,010,010	1,030,605	4,979,405	483.2%
Net Position				
Net investment in capital assets	431,984	292,327	139,657	47.8%
Unrestricted	(90,053,902)	(89,356,744)	(697,158)	(0.8%)
Total net position	($89,621,918)	($89,064,417)	($557,501)	(0.6%)


Comparison of Assets
Millions $
16
14
12
10
8
6
4
2
0
$0.7
$8.3
$0.7
$9.2
2018
2017
Current Assets
Capital Assets, Net


Comparison of Liabilities
Millions $
140
120
100
80
60
40
20
0
$100.6
$2.1
$113.5
$2.2
2018
2017
Current Liabilities
Noncurrent Liabilities



The preceding graphs are prepared from the Louisiana Legislative Auditor's Statement of Net Position, which is presented on an accrual basis of accounting, whereby assets are capitalized and depreciated.

Total assets of the Louisiana Legislative Auditor decreased by $908,953, or 9.2%. The decrease in assets is due mainly to a reduction in the State General Fund appropriation, resulting in the use of more fund balance to fund current-year operations.

Total deferred outflows of the Louisiana Legislative Auditor decreased by $7,672,734, or 43.3%. The decrease in deferred outflows is due to the difference between projected and actual earnings on pension plan investments.

Total liabilities of the Louisiana Legislative Auditor decreased by $13,003,591, or 11.2%. The decrease in liabilities is due mainly to a 15.7% decrease in the net pension liability.

Total deferred inflows of the Louisiana Legislative Auditor increased by $4,979,405, or 483.2%. The increase in deferred inflows is due to the implementation of GASB Statement 75, which requires recognizing deferred inflows for OPEB plans. The remaining difference is due mainly to a reduction in the employer proportionate share of the net pension liability.

Comparative Statement of Activities
For the Years Ended
June 30, 2018 and 2017

	2018	Restated 2017	Change	Percentage Change
Program revenues:				
Audit fees and allocations	$22,974,865	$23,324,133	($349,268)	(1.5%)
Total program revenues	22,974,865	23,324,133	(349,268)	(1.5%)
General revenues:				
State General Fund appropriation	8,184,454	9,013,341	(828,887)	(9.2%)
Interest	26,232	23,127	3,105	13.4%
Miscellaneous	2,466	3,009	(543)	(18.0%)
Total general revenues	8,213,152	9,039,477	(826,325)	(9.1%)
Total revenues	31,188,017	32,363,610	(1,175,593)	(3.6%)
Expenses:				
Personnel services and related benefits	26,828,002	32,115,929	(5,287,927)	(16.5%)
Travel	410,821	362,120	48,701	13.4%
Operating services	1,727,900	1,648,936	78,964	4.8%
Supplies	322,575	318,558	4,017	1.3%
Professional services	2,220,968	1,512,884	708,084	46.8%
Depreciation	223,648	266,564	(42,916)	(16.1%)
Debt service	11,604	16,670	(5,066)	(30.4%)
Total expenses	31,745,518	36,241,661	(4,496,143)	(12.4%)
Excess (deficiency) before transfers	(557,501)	(3,878,051)	3,320,550	(85.6%)
Transfers to State General Fund		(2,000,000)	2,000,000	(100.0%)
Increase (decrease) in net position	(557,501)	(5,878,051)	5,320,550	90.5%
Net position at beginning of year	(89,064,417)	(83,186,366)	(5,878,051)	(7.1%)
Net position at end of year	($89,621,918)	($89,064,417)	($557,501)	(0.6%)

Because the impact of the implementation of GASB Statement 75 on the fiscal year 2017 beginning net position is unknown, it was adjusted by the same amount as the fiscal year 2018 beginning net position for the purposes of this comparison only.

The Statement of Activities reflects a negative change for the year. Net position decreased by $557,501 in 2018, compared to a decrease of $5,878,051 in 2017. Net position decreased mainly due to a reduction in the State General Fund Appropriation.

Other highlights of the information that have a significant impact on the amounts presented in the Statement of Activities are:

- Personnel services and related benefits decreased mainly due to a decrease in pension expense.

- Professional services expense increased due to a larger reliance on contracted actuarial services and the upgrade of audit engagement tracking software.

- Transfers to the State General Fund in the prior year reflect a nonrecurring return of $2,000,000 from the Ancillary Enterprise Fund as required by Act 1 of the 2017 First Extraordinary Session as part of the state's overall mid-year budget reduction

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Louisiana Legislative Auditor's investment in capital assets, net of accumulated depreciation, as of June 30, 2018, is $743,315. This investment in capital assets includes office furniture and equipment, computer equipment, and vehicles. The total decrease in capital assets for the current fiscal year was 1.1%. Depreciation accounted for all of this decrease.

In fiscal year 2016, the Louisiana Legislative Auditor entered into a five-year extended terms payment agreement for the purchase of replacement computer equipment for office data storage and disaster recovery. This option was used to help avoid drastic cyclical changes in the budget for the replacement of this equipment. In addition, there are long-term liabilities related to other postemployment benefits, pensions, and compensated absences. For additional information concerning capital assets and long-term liabilities, refer to notes 5, 6, 7, 8, 9, and 12.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were no overall changes to the budget during the fiscal year except for changes between expenditure categories to respond to changing business needs. Actual collections from self-generated audit fees and allocations exceeded the budget by $1,090,722. In addition, actual expenditures were under budget by $1.8 million. These variances should have no significant effect on future services or liquidity.

ECONOMIC OUTLOOK

The Louisiana Legislative Auditor's overall financial position has diminished due to cumulative budget cuts to the State General Fund appropriation for fiscal years 2016 through 2019 totaling $5.3 million and due to a mid-year budget reduction measure requiring the return of $2,000,000 to the State General Fund from the Ancillary Enterprise Fund. These legislative actions have reduced the remaining fund balance on which the office relies to fund continuing operations. Before these budget reductions took place, fund balance was expected to provide supplemental funding necessary to continue the current level of services through fiscal year 2020. These cuts would have likely required drastic changes in fiscal year 2019; therefore, staff positions were reduced by 5% in fiscal year 2018 by eliminating vacant positions, and other budget reducing measures were taken during fiscal year 2018. Assuming the level of the State General Fund Appropriation remains unchanged in fiscal year 2020, there will not be sufficient fund balance to adequately fund operations at the current level. Instead, an alternative funding source will need to be found or expenses will need to be reduced significantly to maintain a balanced budget.

In the long term, the office faces funding significant liabilities of its retirement plans and other postemployment benefits. GASB Statement No. 68 required the recognition of the office's proportionate share of the net pension liability, and GASB Statement No. 75 required the recognition of OPEB liabilities. Although recent legislative changes to the plans have resulted positively on the plans' unfunded accrued liabilities, these significant liabilities will remain for many years.

CONTACTING THE LOUISIANA LEGISLATIVE AUDITOR'S MANAGEMENT

The accompanying financial report is designed to provide residents, taxpayers, customers, investors, and creditors with a general overview of the Louisiana Legislative Auditor's finances and to show the office's accountability and oversight for the money it receives. Questions about this report or the need for additional financial information can be addressed by contacting Mr. Wayne DeLeo, Comptroller, Louisiana Legislative Auditor, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397, phone number (225) 339-3800.

Statement A

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Governmental Fund Balance Sheet/ Statement of Net Position
June 30, 2018

	GENERAL FUND	ADJUSTMENTS *		STATEMENT OF NET POSITION
ASSETS				
Cash in bank (note 2)	$4,525,255			$4,525,255
Cash in State Treasury - means of financing (note 2)	1,208,598			1,208,598
Accounts receivable (note 3)	2,207,280			2,207,280
Prepaid expenses (note 4)	331,318			331,318
Capital assets (net of allowance for depreciation) (note 5)		$743,315	(1)	743,315
Total Assets	$8,272,451	743,315		9,015,766
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (note 8)		9,400,232	(3)	9,400,232
Deferred outflows related to OPEB (note 9)		632,603	(3)	632,603
Total Deferred Outflows of Resources	NONE	10,032,835		10,032,835
LIABILITIES				
Accounts payable	$1,029,638			1,029,638
Accrued salaries and related benefits	1,068,552			1,068,552
Notes payable (notes 6 and 12):				
Current portion		152,949	(3)	152,949
Noncurrent portion		158,382	(3)	158,382
Compensated absences (notes 7 and 12)				
Current portion		129,327	(3)	129,327
Noncurrent portion		2,013,565	(3)	2,013,565
OPEB payable (note 9)		33,910,215	(3)	33,910,215
Net pension liability (note 8)		64,197,881	(3)	64,197,881
Total Liabilities	2,098,190	100,562,319		102,660,509
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions (note 8)		3,892,986	(3)	3,892,986
Deferred inflows related to OPEB (note 9)		2,117,024	(3)	2,117,024
Deferred audit fees	2,023,643	(2,023,643)	(2)	
Total Deferred Inflows of Resources	2,023,643	3,986,367		6,010,010
FUND BALANCE/NET POSITION				
Nonspendable - prepaid amounts	331,318	(331,318)		
Assigned (note 13)	3,819,300	(3,819,300)		
Total Fund Balance	4,150,618	(4,150,618)		
Total liabilities, deferred inflows of resources, and fund balance	$8,272,451			
Net position (deficit)				
Net investment in capital assets		431,984		431,984
Unrestricted		(90,053,902)		(90,053,902)
TOTAL NET POSITION (DEFICIT)		($89,621,918)		($89,621,918)

***Explanations:**

(1) Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the General Fund.

(2) Deferred inflows of resources, such as accounts receivable for audit billings received after the 45-day accrual period, are not available to pay for current-period expenditures and, therefore, are deferred in the General Fund.

(3) Long-term liabilities, such as compensated absences, notes payable, pension liabilities and its related deferred inflows and outflows, and other postemployment benefits and its related deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the General Fund.

The accompanying notes are an integral part of this statement.

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities
For the Year Ended June 30, 2018

	GENERAL FUND	ADJUSTMENTS *		STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES				
Personnel services and related benefits	$27,208,076	($380,074)	(1)	$26,828,002
Travel	410,821			410,821
Operating services	1,727,900			1,727,900
Supplies	210,035	112,540	(2)	322,575
Professional services (note 14)	2,220,968			2,220,968
Capital outlay	328,143	(328,143)	(2)	
Depreciation		223,648	(2)	223,648
Debt service - principal	147,702	(147,702)	(2)	
Debt service - interest	11,604			11,604
Total Expenditures/Expenses	32,265,249	(519,731)		31,745,518
PROGRAM REVENUES				
Audit fees and allocations	23,438,033	(463,168)	(3)	22,974,865
Total Program Revenues	23,438,033	(463,168)		22,974,865
Net Program Expenses				(8,770,653)
GENERAL REVENUES				
State General Fund appropriation	8,184,454			8,184,454
Interest	26,232			26,232
Miscellaneous	24	2,442	(1)	2,466
Total General Revenues	8,210,710	2,442		8,213,152
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(616,506)	616,506		NONE
CHANGE IN NET POSITION	NONE	(557,501)		(557,501)
FUND BALANCE/NET POSITION (Deficit)				
Beginning of the year, as restated (Note 13)	4,767,124	(93,831,541)		(89,064,417)
End of the year	$4,150,618	($93,772,536)		($89,621,918)

***Explanations:**
(1) Expenses and revenues of long-term obligations for compensated absences, pension plans, and other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.
(2) Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlays not meeting the capitalization threshold is reported as an expense (i.e., supplies) and amounts financed are capitalized.
(3) Revenues in the Statement of Activities that do not provide current financial resources are deferred and not reported as revenues in the General Fund. This includes revenues received after the 45-day accrual period which are not available to pay for current-period expenditures. This amount is the net effect of the current and prior year deferrals.

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana Legislative Auditor is a state audit organization for the State of Louisiana within the legislative branch of state government. The Louisiana Legislative Auditor is responsible for audits and examinations of the records and accounts of all public boards and commissions and any agency, department, or political subdivision of the state, as provided by Louisiana Revised Statutes (R.S.) 24:511-524. The Louisiana Legislative Auditor is authorized by Article III, Section 11 of the Louisiana Constitution of 1974.

The Louisiana Legislative Auditor has audit responsibility for approximately 3,500 units of state and local government and quasi-public corporations, some of which are audited by certified public accountants with oversight and monitoring provided by the Louisiana Legislative Auditor. The Louisiana Legislative Auditor's main office is located in Baton Rouge, Louisiana, with an area office located in New Orleans. The Louisiana Legislative Auditor employs 249 staff members, including auditors, information technology personnel, a General Counsel, and various administrative personnel. The Louisiana Legislative Auditor's operations are funded through an annual lapsing legislative appropriation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB. The accompanying financial statements have been prepared in accordance with such principles.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The accompanying financial statements of the Louisiana Legislative Auditor contain sub-account information of the General Fund of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements. However, the activity may be presented or classified differently due to perspective differences. The Louisiana Legislative Auditor has no fiduciary funds or component units.

C. FUND ACCOUNTING

The Louisiana Legislative Auditor has only a General Fund supported by an appropriation from the State of Louisiana and self-generated funds. The Louisiana Legislative Auditor's General Fund contains two sub-funds, the General Appropriation Fund and Ancillary Enterprise Fund.

General Appropriation Fund

The General Appropriation Fund accounts for the appropriated operating revenues, transfers, and expenditures of the Louisiana Legislative Auditor. All appropriated revenues are deposited into this fund, from which operating expenditures are made.

Ancillary Fund

The Ancillary Fund (which has a legal name of Ancillary Enterprise Fund) was established to provide a source of working capital to the Louisiana Legislative Auditor for audits in which the Louisiana Legislative Auditor is authorized to charge audit fees for certain state and local audits. These fees are not billable until the end of the examination; therefore, the fund is used as a source of working capital during the audit until such time as the audit fees are billed or costs are allocated, collected, and available to fund operations.

The Louisiana Legislative Auditor is also authorized to allocate costs relating to state government to state agencies. Those allocated costs are accounted for within the Ancillary Fund. All miscellaneous revenues are also recorded in the Ancillary Fund. The annual appropriation act authorizes budgeted transfers from this fund to the General Appropriation Fund.

D. BASIS OF ACCOUNTING

The accompanying governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to fund current operations. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The Louisiana Legislative Auditor considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures are recorded when the related liability is incurred, as under accrual accounting. However, compensated absences, pension costs, notes payable, and other postemployment benefits (OPEB) costs are recorded when payment is due.

The accompanying government-wide financial statements (Statement of Net Position and Statement of Activities) reflect entity-wide operations of the office. These statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Amounts reported as program revenues include charges for services such as audit fees and allocations. General revenues include State General Fund appropriations, interest, and other miscellaneous collections.

When both restricted and unrestricted resources are available for use, it is the Louisiana Legislative Auditor's policy to use unrestricted resources first, then restricted resources as needed.

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenditure/expense) until that future time.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

E. BUDGET PRACTICES

The legislative appropriation made for the general operations of the office is an annual lapsing legislative appropriation accounted for within the General Appropriation Fund (Schedules 5 and 6). Amounts not expended or encumbered at the close of the fiscal year must be returned to the General Fund of the state of Louisiana on or before October 1, 2018, unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior-year funds.

Amendments to the budget of state General Fund revenues must be approved by the Legislative Budgetary Control Council. The budget of the Ancillary Fund is an administrative budget driven by amounts legislatively authorized to be transferred to the General Fund. Transfers from the Ancillary Fund are limited by the legislative appropriation, and any amendment that would increase the amount of the authorized transfer must be approved by the co-chairmen of the Legislative Budgetary Control Council. Transfers between the expenditure classifications on Schedule 1 may be authorized by the Louisiana Legislative Auditor.

In addition to the amount appropriated for general operations of the Louisiana Legislative Auditor reflected on Schedule 1, the legislature appropriated $350,000 to the Louisiana Legislative Auditor for the 2017-2018 budget year to establish, if needed, working capital for the Ancillary Fund. The appropriation was not drawn by the Louisiana Legislative Auditor and is not reflected as revenue (or budgeted revenue) on Schedule 1, in that the Louisiana Legislative Auditor has not historically drawn such amount to fund operations.

The budget for the General Fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Louisiana Legislative Auditor includes the prior year's fund balance represented by appropriated net position remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a generally accepted accounting principles basis do not recognize the fund balance allocation as revenue because it represents prior periods' excess of revenues over expenditures.

Encumbrance accounting is used during the year to reserve portions of the annual appropriation for unfilled purchase orders. Year-end encumbrances are not charged against the current-year appropriation and are carried forward into the next budget year.

F. CASH IN BANKS

The Louisiana Legislative Auditor defines cash as interest-bearing demand deposits. Under state law, the Louisiana Legislative Auditor 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 Louisiana Legislative Auditor may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. For computer software purchased or developed for internal use, the capitalization threshold is $1 million. For buildings, building improvements, and leasehold improvements, the capitalization threshold is $100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Computer equipment	5 years
Office furniture and equipment	5 to 7 years
Vehicles	5 years
Computer software	3 years
Buildings and improvements	40 years
Leasehold improvements	Lesser of 20 years or lease term

H. COMPENSATED ABSENCES

The long-term obligation of accumulated unpaid annual, sick, and compensatory leave is recorded in the Statement of Net Position and Statement of Activities. The office's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the office's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to an employee at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and all unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees can earn compensatory leave for hours worked in excess of 80 hours per pay period. The compensatory leave may be used similarly to annual or sick leave, and any unused balance is paid to the employee upon resignation or retirement.

I. NONCURRENT LIABILITIES

Noncurrent liabilities include notes payable and estimated amounts for accrued compensated absences, other postemployment benefits, and pension liabilities that will not be paid within the next fiscal year.

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and Teachers' Retirement System of Louisiana (TRSL) and additions to/deductions from LASERS's and TRSL's fiduciary net position have been determined on the same basis as they are reported by LASERS and TRSL. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. FUND BALANCE

Fund balance is classified in the following components:

(a) *Nonspendable* includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

(b) *Restricted* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

(c) *Committed* includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Louisiana State Legislature through legislative action and does not lapse at year-end.

(d) *Assigned* includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. In addition to amounts encumbered by management, it includes the portion of fund balance that has been approved by the Louisiana State Legislature for appropriation in the subsequent fiscal year's budget. A modification to the appropriated amount requires action by the Louisiana State Legislature; however, this approval lapses at year-end.

(e) *Unassigned* is the residual amount of fund balance which does not fall into one of the other components.

The Louisiana Legislative Auditor applies unrestricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Within unrestricted fund balance, unassigned amounts are reduced first followed by assigned and then committed amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Louisiana Legislative Auditor does not have a formal minimum fund balance policy.

K. NET POSITION

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

(a) *Net investment in capital assets* consists of the Louisiana Legislative Auditor's total investment in capital assets, net of accumulated depreciation and related debt.

(b) *Unrestricted* consists of resources derived from audit fees and allocations, state appropriations, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the Louisiana Legislative Auditor and may be used at its discretion to meet current expenses and for any purpose.

L. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2018, the following statements were implemented: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; and GASB Statement No. 85, *Omnibus 2017*. These statements changed the standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. The following GASB statements were also effective but did not impact the financial statements of the Louisiana Legislative Auditor: GASB Statement No. 81, *Irrevocable Split-Interest Agreements*; and GASB Statement No. 86, *Certain Debt Extinguishment Issues.*

2. CASH IN BANK AND STATE TREASURY

At June 30, 2018, the Louisiana Legislative Auditor has cash (book balances) in interest-bearing demand deposits totaling $4,525,255. In addition, cash balances held and controlled by the State Treasurer totaled $1,208,598. The balance held by the State Treasurer is secured from risk by the State Treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements.

3. RECEIVABLES

Revenues generated from audit fees or allocations to state agencies are recorded immediately when earned. Receivables as shown on Statement A, net of an allowance for doubtful accounts, are composed of the following:

	Receivables	Allowance for Doubtful Accounts	Receivables, Net
Billed audit fees	$186,167		$186,167
Earned, but unbilled audit fees	2,015,758		2,015,758
Accrued interest	2,450		2,450
Other	2,905		2,905
Total	$2,207,280	NONE	$2,207,280

There is no noncurrent portion of accounts receivable. State law limits the Louisiana Legislative Auditor's credit risk by allowing the State Treasurer to withhold appropriations from those agencies owing audit fees and allocations.

4. PREPAID EXPENSES

Prepaid expenses, totaling $331,318, consist of prepaid postage and operating services (e.g., maintenance and software agreements), totaling $1,010 and $330,308, respectively.

5. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Office equipment and furniture	$557,507			$557,507
Less accumulated depreciation	(550,309)	($5,272)		(555,581)
Total office equipment and furniture	7,198	(5,272)	NONE	1,926
Computer equipment	2,367,930	215,603		2,583,533
Less accumulated depreciation	(1,633,385)	(214,254)		(1,847,639)
Total computer equipment	734,545	1,349	NONE	735,894
Vehicles	58,460			58,460
Less accumulated depreciation	(48,843)	(4,122)		(52,965)
Total vehicles	9,617	(4,122)	NONE	5,495
Total capital assets being depreciated	$751,360	($8,045)	NONE	$743,315
Capital assets summary:				
Total cost of capital assets	$2,983,897	$215,603		$3,199,500
Less accumulated depreciation	(2,232,537)	(223,648)		(2,456,185)
Capital assets, net	$751,360	($8,045)	NONE	$743,315

The accompanying statements do not include the value of land and buildings provided without cost to the Louisiana Legislative Auditor by the state of Louisiana. Those assets are recorded within the Comprehensive Annual Financial Report of the State of Louisiana.

6. NOTES PAYABLE

In March 2016, the Louisiana Legislative Auditor entered into a five-year extended terms payment agreement for the purchase of computer equipment totaling $743,724 at a 3.5% interest rate. The agreement includes a provision that in an event of default, outstanding payments become due immediately if the Louisiana Legislative Auditor is unable to make payment. The purchased computer equipment is the collateral securing the outstanding notes. The agreement has a nonappropriation exculpatory clause that allows cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. There are no unused lines of credit. The following is a summary of future minimum payments as of June 30, 2018:

Year ended June 30:	Principal	Interest	Total
2019	$152,949	$6,357	$159,306
2020	158,382	924	159,306
Total	$311,331	$7,281	$318,612

7. COMPENSATED ABSENCES

At June 30, 2018, employees of the Louisiana Legislative Auditor have accumulated and vested annual leave and compensatory leave of $1,973,526, and $169,366, respectively. These balances were computed in accordance with GASB Codification Section C60. The leave payable is recorded in the Statement of Net Position and Statement of Activities.

8. PENSION PLANS

Plan Descriptions

The Louisiana Legislative Auditor is a participating employer in two statewide, public employee retirement systems, the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). Both systems have separate boards of trustees and administer cost-sharing, multiple-employer defined benefit pension plans, including classes of employees with different benefits and contribution rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by these systems to the State Legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information. The reports for LASERS and TRSL may be obtained at www.lasersonline.org and www.trsl.org, respectively.

Benefits Provided

Retirement Benefits - LASERS

LASERS administers a plan to provide retirement, disability, and survivor benefits to eligible state employees and their beneficiaries as defined in R.S. 11:411-414. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by R.S. 11:441 and vary depending on the member's hire date, employer, and job classification. Act 992 of the 2010 Regular Session of the Louisiana Legislature closed existing sub-plans for members hired before January 1, 2011, and created new sub-plans for regular members, hazardous duty members, and judges. Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members.

Eligibility for retirement benefits and the computation of retirement benefits are provided for in R.S. 11:444. All Louisiana Legislative Auditor's members are regular plan members. Regular plan members hired before July 1, 2006, may retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of service, or at age 60 upon completing 10 years of creditable service. Those members hired between July 1, 2006, and June 30, 2015, may retire at age 60 upon completing 5 years of creditable service, and those hired after June 30, 2015, may retire at age 62 upon completing 5 years of creditable service. Additionally, all regular plan members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for regular plan members is equal to 2.5% of average compensation multiplied by the number of years of creditable service, generally not to exceed 100% of average compensation. Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed before July 1, 2006, or highest 60 consecutive months of employment for members employed on or after that date.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Retirement Benefits - TRSL

TRSL administers a plan to provide retirement, disability, and survivor benefits to employees who meet the legal definition of a "teacher" as provided for in R.S 11:701. Eligibility for retirement benefits and the calculation of retirement benefits are provided for in R.S. 11:761. Statutory changes closed existing, and created new, sub-plans for members hired on or after January 1, 2011.

Members of the Regular Plan whose first employment makes them eligible for membership in a Louisiana state retirement system on or after July 1, 2015, may retire with a 2.5% benefit factor at age 62 upon completing at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between January 1, 2011, and June 30, 2015, may retire with a 2.5% benefit factor at age 60 upon completing at least 5 years of service credit and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired between July 1, 1999, and December 21, 2010, are eligible for a 2.5% benefit factor at age 60 with 5 years of service, age 55 with 25 years of service, at any age with 30 years of service, and are eligible for an actuarially reduced benefit with 20 years of service at any age. Members hired before July 1, 1999, are eligible for a 2% benefit factor at age 60 with 5 years of service, or at any age with 20 years of service and are eligible for a 2.5% benefit factor at age 65 with 20 years of service, age 55 with 25 years of service, or at any age with 30 years of service.

Members of the Lunch Plan A may retire with a 3.0% annual accrual rate at age 55 with 25 years of service, age 60 with 5 years of service, or at any age with 30 years of service. Plan A is closed to new entrants.

Members of the Lunch Plan B hired before July 1, 2015, may retire with a 2.0% annual accrual rate at age 55 with 30 years of service or age 60 with 5 years of service. Members hired on or after July 1, 2015, may retire with a 2.0% annual accrual rate at age 62 with 5 years of service, or with an actuarially-reduced benefit with 20 years of service at any age.

For all defined-benefit TRSL plans, retirement benefits are based on a formula which multiplies the final average compensation by the applicable accrual rate, and by the years of creditable service. For Regular Plan and Lunch Plan B members whose first employment makes them eligible for membership in a Louisiana state retirement system on or after January 1, 2011, final average compensation is defined as the highest average 60-month period. For all other members, final average compensation is defined as the highest average 36-month period.

A retiring member is entitled to receive the maximum benefit payable until the member's death. In lieu of the maximum benefit, the member may elect to receive a reduced benefit payable in the form of a Joint and Survivor Option, or as a lump sum that can't exceed 36 months of the members' maximum monthly benefit amount.

Effective July 1, 2009, members may make an irrevocable election at retirement to receive an actuarially-reduced benefit which increases 2.5% annually, beginning on the first retirement anniversary date, but not before age 55 or before the retiree would have attained age 55 in the case of a surviving spouse. This option can be chosen in combination with the above options.

Deferred Retirement Benefits

LASERS and TRSL have each established a Deferred Retirement Option Plan (DROP). When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salaries for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Disability Benefits

Eligibility requirements and benefit computations for LASERS disability benefits are provided for in R.S. 11:461. Members in active state service who become disabled, and who are not eligible for regular retirement, may receive a maximum disability benefit equivalent to the regular retirement formula without reduction by reason of age provided the member has at least 10 years of creditable service. Hazardous duty personnel who become disabled in the line of duty will receive a disability benefit equal to 75% of final average compensation. Once reaching normal retirement age, disability retirees may apply to receive regular retirement benefits.

Active members of TRSL whose first employment makes them eligible for membership in a Louisiana state retirement system before January 1, 2011, and who have five or more years of service credit, are eligible for disability retirement benefits if certified by the State Medical Disability Board to be disabled from performing their job. All other members must have at least 10 years of service to be eligible for a disability benefit. Calculation of the disability benefit as well as the availability of a minor child benefit is determined by the plan to which the member belongs and the date on which the member's first employment made them eligible for membership in a Louisiana state retirement system.

Survivor's Benefits

Provisions for LASERS survivor's benefits are provided for in R.S. 11:471-478. Under these statutes, the deceased member, hired before January 1, 2011, who was in state service at the time of death must have a minimum of five years of service, at least two of which were earned immediately before death, or who had a minimum of 20 years of service regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18 or age 23 if the child remains a full-time student. The minimum service requirement is 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. The deceased member, hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The minimum service credits for a surviving spouse include active service at the time of death and a minimum of 10 years of service credit, with two years being earned immediately prior to death, or a minimum of 20 years regardless of when earned. In addition, the deceased member's spouse must have been married for at least one year before death.

Provisions for TRSL survivor benefits are provided for in R.S. 11:762. A surviving spouse with minor children of an active member with at least five years of creditable service (two years immediately prior to death) is entitled to a benefit equal to the greater of (a) $600 per month, or (b) 50% of the member's benefit calculated at the 2.5% accrual rate for all creditable service. When minor children are no longer eligible to receive survivor benefits, and the deceased member had at least 10 years of creditable service, the spouse's benefit reverts to a survivor benefit in accordance with the provisions for a surviving spouse with no minor children. Benefits for the minor children cease when they are no longer eligible. Each minor child (maximum of two) shall receive an amount equal to the greater of (a) 50% of the spouse's benefit or (b) $300 (up to two eligible children). Benefits to minors cease at attainment of age 21, marriage, or age 23 if enrolled in an approved institution of higher education. A surviving spouse without minor children of an active member with at least 10 years of creditable service (two years immediately prior to death) or 20 years of creditable service (regardless of when earned) is entitled to a benefit equal to the greater of (a) $600 per month, or (b) the option 2 equivalent of the benefit calculated at the 2.5% accrual rate for all creditable service. If a surviving spouse remarries before the age of 55 and the deceased active member had less than 20 years of creditable service, the surviving spouse's benefit will cease.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, LASERS and TRSL allow for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature. These ad hoc COLAs are not considered to be substantively automatic.

Contributions

Employee contribution rates are established by R.S. 11:62. Employer contribution rates are established annually under R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the systems' actuaries. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of each plan are used for the payment of benefits for all classes of members within each system, regardless of their plan membership.

The employee contribution rate for LASERS and TRSL is 8% of covered salaries, except for LASERS members hired before July 1, 2006, who contribute 7.5% of covered salaries. For fiscal year 2018, the employer contribution rate for LASERS and TRSL is 37.9% and 26.6%, respectively. Employer contributions to LASERS and TRSL were $6,534,878 and $30,696, respectively, for the year ended June 30, 2018. Non-employer contributing entity contributions to TRSL, which were comprised of ad valorem tax revenue, totaled $2,442, and were recognized as revenue in fiscal year 2018 by the Louisiana Legislative Auditor.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the Louisiana Legislative Auditor reported a liability for LASERS and TRSL of $63,552,115 and $645,766, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Louisiana Legislative Auditor's proportions of the net pension liability for each retirement system were based on projections of the Louisiana Legislative Auditor's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Louisiana Legislative Auditor's proportion for LASERS and TRSL was 0.90288% and 0.00630%, respectively. Compared to its proportion measured as of June 30, 2016, this reflects a decrease of 0.05606% for LASERS and a decrease of 0.00076% for TRSL.

For the year ended June 30, 2018, the Louisiana Legislative Auditor recognized total pension expense of $5,189,941, or $5,236,828 and $(46,887) for LASERS and TRSL, respectively. At June 30, 2018, the Louisiana Legislative Auditor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	LASERS	TRSL	Total	LASERS	TRSL	Total
Differences between expected and actual experience				$1,166,104	$21,227	$1,187,331
Changes of assumptions	$251,071	$6,810	$257,881			
Net difference between projected and actual earnings on pension plan investments	2,066,594		2,066,594		16,679	16,679
Changes in proportion and differences between employer contributions and proportionate share of contributions	499,606	10,577	510,183	2,394,700	294,276	2,688,976
Employer contributions subsequent to the measurement date	6,534,878	30,696	6,565,574			
Total	$9,352,149	$48,083	$9,400,232	$3,560,804	$332,182	$3,892,986

Deferred outflows of resources related to pensions resulting from the Louisiana Legislative Auditor's contributions subsequent to the measurement date will be recognized as a reduction of LASERS and TRSL net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	LASERS	TRSL	Total
2019	($952,912)	($112,515)	($1,065,427)
2020	661,820	(101,008)	560,812
2021	827,012	(66,903)	760,109
2022	(1,279,453)	(34,369)	(1,313,822)
Total	($743,533)	($314,795)	($1,058,328)

Actuarial Assumptions

The total pension liabilities for LASERS and TRSL in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	LASERS	TRSL
Valuation Date	June 30, 2017	June 30, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Expected Remaining Service Lives	3 years	5 years
Investment rate of return	7.70% per annum, net of investment expenses. The investment rate of return used in the actuarial valuation for funding purposes was 8.16%, recognizing an additional 40 basis points for the gain-sharing and 15 basis points to offset administrative expenses.	7.70%, net of investment expenses. The investment rate of return used in the actuarial valuation for funding purposes was 8.20%, recognizing an additional 40 basis points for the experience account and 10 basis points to offset administrative expenses.
Inflation rate	2.75% per annum	2.5% per annum
Projected salary increases	2009-2013 experience study, ranging from 2.8% to 14.3%	3.50% - 10.0%, varies depending on duration of service
Cost-of-living adjustments	Not substantively automatic	Not substantively automatic
Mortality – Non-disabled	RP-2000 improvement to 2015	RP-2000 scale AA to 2025
Mortality – Disabled	RP-2000	RP-2000 scale AA to 2025
Termination and disability	2009-2013 experience study	2008-2012 experience study

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (LASERS 3.25%; TRSL 2.5%) and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return for LASERS and TRSL are 8.69% and 8.33%, respectively. The target allocation and best estimates of geometric (LASERS) and arithmetic (TRSL) real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following tables:

Asset Class	Target Allocation LASERS	Target Allocation TRSL	Long-Term Expected Real Rate of Return LASERS	Long-Term Expected Real Rate of Return TRSL
Cash			(0.24%)	
Domestic equity	25.0%	27.0%	4.31%	4.28%
International equity	32.0%	19.0%	5.35%	4.96%
Domestic fixed income	8.0%	13.0%	1.73%	1.98%
International fixed income	6.0%	5.5%	2.49%	2.75%
Alternative investments:	22.0%		7.41%	
Private equity		25.5%		8.47%
Other private assets		10.0%		3.51%
Global tactical asset allocation	7.0%		2.84%	
Total	100.0%	100.0%	5.26%	

Discount Rates

The discount rate used to measure the total pension liability for LASERS and TRSL was 7.70%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions from participating employers will be made at contractually-required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following table presents the employer's proportionate share of the net pension liability using the discount rate, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
LASERS	$79,782,474	$63,552,115	$49,752,464
TRSL	832,084	645,766	487,269
Total	$80,614,558	$64,197,881	$50,239,733

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately-issued LASERS and TRSL Comprehensive Annual Financial Reports at www.lasersonline.org and www.trsl.org, respectively.

Payables to the Pension Plans

At June 30, 2018, payables to LASERS were $941,918 for June 2018 employee and employer legally-required contributions.

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The Louisiana Legislative Auditor provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees of the Louisiana Legislative Auditor become eligible for these benefits if they reach normal retirement age of the applicable retirement system while working for the Louisiana Legislative Auditor and are covered by an active medical plan immediately prior to retirement.

The Louisiana Legislative Auditor offers its employees the opportunity to participate in one of two medical coverage plans. One plan is from the state's Office of Group Benefits (OGB), which also offers a life insurance plan, and the other plan is with the Louisiana State University (LSU) System Health Plan. Information about each of these two plans is presented on the following pages.

Plan Descriptions

State OGB Plan

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, multiple-employer other postemployment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, Louisiana School Employees' Retirement System, or Louisiana State Police Retirement System,) or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Effective July 1, 2008, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2018. The plan is funded on a "pay-as-you-go basis" under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has

Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also have access to four fully insured Medicare Advantage plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

Years of Participation	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. The life insurance benefits offered by the state OGB Plan are also available to retirees who elect to participate in the LSU System Health Plan. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

LSU System Health Plan

Effective January 1, 2014, the Louisiana Legislative Auditor became one of a limited number of state agencies that may participate in the LSU System Health Plan. The state agency participation is not material, and, as such, the plan is identified as a single-employer defined benefit OPEB plan that is not administered as a trust.

The Health Plan originally began as a pilot program within OGB, the office that provides health benefits to state employees pursuant to the provisions of R.S. 42:851. The Health Plan offers eligible employees, retirees, and their beneficiaries the opportunity to participate in comprehensive health and preventive care coverage that gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major healthcare expenses. Within the Health Plan, members have a choice of selecting LSU First Option 1 or LSU First Option 2. LSU First Option 1 is more costly, but features both lower yearly deductibles and out-of-network coinsurance requirements.

The LSU System selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposal process followed by negotiations between the LSU System and qualified vendors.

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(B). Plan rates are in effect for one year, and members have the opportunity to switch providers during the open enrollment period, which usually occurs during October.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. The plan is financed on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions. The LSU System Health Plan does not use a trust fund to administer the financing of the plan and the payment of benefits. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

Employer participation in contributions to the LSU System Health Plan for retirees follows the same schedule that is used for retirees in the state OGB Plan, which is described previously. Prior participation in the state OGB Plan counts toward service time when determining the employer contribution rate.

Total Collective OPEB Liability and Changes in Total Collective OPEB Liability

At June 30, 2018, the Louisiana Legislative Auditor reported a liability of $22,047,649 and $11,862,566 for the OGB State Plan and the LSU System Health Plan, respectively, for its proportionate share of the total collective OPEB liability. The total collective OPEB liabilities for the OGB State Plan were measured as of July 1, 2017, and were determined by an actuarial valuation as of that date. The total collective OPEB liabilities for the LSU System Health Plan were determined by an actuarial valuation as January 1, 2018, which was rolled forward to the measurement date of June 30, 2018. The Louisiana Legislative Auditor's proportionate share of the restated total collective OPEB liability at June 30, 2017, totaling $23,017,237 and $12,019,076 for the OGB State Plan and the LSU System Health Plan, respectively, was determined using a roll back of the same valuations to the beginning of the year using the discount rate applicable on that date, and assuming no experience gains or losses.

The Louisiana Legislative Auditor's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB AAL liability for all participating entities included in the State of Louisiana reporting entity. At June 30, 2018, the Louisiana Legislative Auditor's proportion was 0.2537% and 1.2158% for the OGB State Plan and the LSU System Health Plan, respectively. Because the beginning balance was restated using a roll back of the valuation assuming no experience gains or losses, there is no change to the proportion since the prior measurement date.

The total collective OPEB liability in the actuarial valuations were determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<table>
<tr><th></th><th>State OGB Plan</th><th>LSU System Health Plan</th></tr>
<tr><td>Valuation date</td><td>July 1, 2017</td><td>January 1, 2018, but rolled forward to the measurement date of June 30, 2018</td></tr>
<tr><td>Actuarial cost method</td><td>Entry Age Normal, level percentage of pay</td><td>Entry Age Normal, level percentage of pay</td></tr>
<tr><td>Expected remaining service lives</td><td>4.48 years</td><td>6.7 years</td></tr>
<tr><td>Inflation rate</td><td>Consumer Price Index (CPI) 2.8%</td><td>2.8%</td></tr>
<tr><td>Salary increase rate</td><td>Consistent with the pension plans disclosed in note 8</td><td>2% per annum</td></tr>
<tr><td>Discount rate</td><td>3.13% based on June 30, 2017 Standard & Poor's 20-year municipal bond index</td><td>3.90% based on Bond Buyer 20-Bond GO Index</td></tr>
<tr><td>Mortality rates</td><td>Based on the RP-2014 Combined Healthy Mortality Table, or RP-2014 Disabled Retiree Mortality Table; both tables projected on a fully generational basis by Mortality Improvement Scale MP-2017</td><td>Non-Disabled Lives: RP-2014 trended back to 2006 using scale MP-14 and projected generationally using scale MP-17, applied on a gender-specific basis.
Disabled Lives: RP-2014 Disabled Retiree Generational Table trended back to 2006 and scaled forward using scale MP-18, applied on a gender specific basis.</td></tr>
<tr><td>Healthcare cost trend rates</td><td>7% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.</td><td>The following annual trend rates are applied on a select and ultimate basis. Select trend is reduced 0.5% each year until reaching the ultimate trend.
<table>
<tr><th>Benefit</th><th>Select</th><th>Ultimate</th></tr>
<tr><td>Pre 65 Medical/Rx benefits</td><td>6.5%</td><td>4.5%</td></tr>
<tr><td>Post Medicare benefits</td><td>5.5%</td><td>4.5%</td></tr>
<tr><td>Administrative fees</td><td>4.5%</td><td>4.5%</td></tr>
</table></td></tr>
</table>

The OPEB liability for the State OGB Plan was affected by a change in the discount rate from 2.71% as of July 1, 2016 to 3.13% as of July 1, 2017. The OPEB liability for the LSU Health Plan was affected by a change in the discount rate from 3.58% to 3.90%; updated plan design changes as of January 1, 2018; updated claim costs for the expected retiree health costs; and census changes since the last valuation.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following presents the Louisiana Legislative Auditor's proportionate share of the total collective OPEB liability using the current discount rate as well as what the Louisiana Legislative Auditor's proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
State OGB Plan	$25,888,374	$22,047,649	$19,017,729
LSU System Health Plan	14,397,301	11,862,566	9,917,161
Total Proportionate Share of Total Collective OPEB Liability	$40,285,675	$33,910,215	$28,934,890

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates

The following presents the Louisiana Legislative Auditor's proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the Louisiana Legislative Auditor's proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
State OGB Plan	$19,002,835	$22,047,649	$25,948,753
LSU System Health Plan	9,960,408	11,862,566	14,282,344
Total Proportionate Share of Total Collective OPEB Liability	$28,963,243	$33,910,215	$40,231,097

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Louisiana Legislative Auditor recognized OPEB expense of $1,666,228, or $895,861 and $770,367 for the OGB State Plan and LSU System Health Plan, respectively. At June 30, 2018, Louisiana Legislative Auditor reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	OGB State Plan	LSU System Health Plan	Total	OGB State Plan	LSU System Health Plan	Total
Changes of assumptions or other inputs				$1,165,088	$865,204	$2,030,292
Changes in proportion and differences between benefit payments and proportionate share of benefit payments		$14,528	$14,528	86,732		86,732
Amounts paid by the employer for OPEB subsequent to the measurement date	$618,075		618,075			
Total	$618,075	$14,528	$632,603	$1,251,820	$865,204	$2,117,024

Deferred outflows of resources related to OPEB resulting from the Louisiana Legislative Auditor's benefit payments subsequent to the measurement date will be recognized as a reduction of the total collective OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	OGB State Plan	LSU System Health Plan	Total
2019	($359,718)	($149,254)	($508,972)
2020	(359,718)	(149,254)	(508,972)
2021	(359,718)	(149,254)	(508,972)
2022	(172,666)	(149,254)	(321,920)
2023		(149,254)	(149,254)
Thereafter		(104,406)	(104,406)
Total	($1,251,820)	($850,676)	($2,102,496)

10. CONTINGENT LIABILITIES AND RISK MANAGEMENT

The Louisiana Legislative Auditor limits its exposure to risk of loss through the Office of Risk Management, a statewide insurance program. Through the payment of premiums to the program, the Louisiana Legislative Auditor transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters. The amount of settlements paid in the last three years did not exceed insurance coverage.

Losses arising from litigation, claims, and similar contingencies are considered state liabilities and are paid by special appropriations made by the Louisiana Legislature. Any applicable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

At June 30, 2018, the Louisiana Legislative Auditor is involved in various litigation relating to his function as the state auditor. In the opinion of legal counsel, resolution of the litigation would not result in substantial liability to the Louisiana Legislative Auditor (or state of Louisiana) and, accordingly, is not recorded in the accompanying financial statements.

11. LEASE OBLIGATIONS

The Louisiana Legislative Auditor has operating lease agreements for office and storage space in Baton Rouge, Shreveport, and New Orleans. The lease agreements have nonappropriation exculpatory clauses that allow lease cancellation if the legislature does not make an appropriation for its continuation during any future fiscal period. The following is a schedule, by fiscal years, of the minimum future rentals on noncancelable operating leases as of June 30, 2018:

Nature of Operating Lease	2019	2020	2021	2022	Total Minimum Future Rentals
Office space - Shreveport	$2,160	$2,160	$2,160	$720	$7,200
Total	$2,160	$2,160	$2,160	$720	$7,200

For the year ended June 30, 2018, total rental and lease expenditures were $472,808.

12. CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in the Louisiana Legislative Auditor's long-term liabilities for the year ended June 30, 2018:

	Balance, June 30, 2017	Additions	Reductions	Balance, June 30, 2018	Amounts Due Within One Year
Compensated absences	$2,119,285	$789,011	($765,404)	$2,142,892	$129,327
Notes payable	459,033		(147,702)	311,331	152,949
Total long-term liabilities	$2,578,318	$789,011	($913,106)	$2,454,223	$282,276

Information about changes in the net pension liability and the OPEB liability are contained in notes 8 and 9, respectively.

13. FUND BALANCE/NET POSITION

Fund balance includes amounts classified as assigned for the following purposes:

Appropriated for subsequent fiscal year	$3,819,300
Total assigned fund balance	$3,819,300

The beginning net position as reflected on Statement B has been restated to reflect the following adjustment:

Net Position at June 30, 2017	($69,829,808)
Implementation of GASB Statement No. 75	(19,234,609)
Net Position at June 30, 2017, as restated	($89,064,417)

14. PROFESSIONAL SERVICES

Professional services, reported on Statement B, include the following professional fees:

Alivia Technology	Software Implementation	$40,000
ALTEC	Audit Consultation	1,698
Automation Centre	Software Upgrade Planning	273,000
Breazeals, Sachse, & Wilson, LLC	Legal Services	6,170
Broussard & Company, CPAs, LLC	Audit Services	30,500
Carr, Riggs, Ingram, LLC	Audit Services	68,500
Duplantier, Hrapmann, Hogan & Maher, LLP	Audit Services	401,197
Gabriel, Roeder, Smith & Company	Actuarial Services	1,051,612
Garrety & Associates, CPAs, LLC	Audit Services	2,500
Greer, David, CPA	Internal Audit Services	5,050
Griffin & Furman, LLC	Audit Services	5,000
Hienz & Macaluso, LLC	Audit Services	49,858
J. Aaron Cooper, CPA, LLC	Audit Services	25,000
J. Walker & Company, APC	Audit Services	22,310
John L. McKowen, CPA	Audit Services	17,550
Latuso & Johnson, CPA, LLC	Audit Services	13,895
Michael K. Glover, CPA	Audit Services	36,155
M. Carleen Dumas, CPA	Audit Services	3,087
Paul C. Rivera, CPA	Audit Services	3,800
Phelps Dunbar, LLP	Legal Services	3,201
Pinell & Martinez, LLP	Audit Services	136,035
TWRU CPAs & Financial Advisors	Audit Services	19,750
William D. Mercer, CPA	Audit Services	5,100
Total		$2,220,968

15. OTHER COSTS

The state of Louisiana, through other appropriations, provides office space and utilities for the main office in Baton Rouge, all of which are not included in the accompanying financial statements.

16. DEFERRED COMPENSATION PLAN

Certain employees of the Louisiana Legislative Auditor participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report of the Plan, available from the Louisiana Legislative Auditor's website at www.lla.la.gov.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Schedule 1 presents a budgetary comparison for the General Fund.

SCHEDULE OF EMPLOYER'S PROPORTIANATE
SHARE OF THE TOTAL COLLECTIVE OPEB LIABILITY

Schedule 2 presents certain specific data regarding the employer's proportionate share of the Other Postemployment Benefits Plans.

SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

Schedule 3 presents certain specific data regarding the employer's proportionate share of the net pension liability.

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS

Schedule 4 presents certain specific data regarding the employer's contributions to its pension plans.

Schedule 1

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Budgetary Comparison Schedule - General Fund
Budget to Actual (Non-GAAP Budgetary Basis)
For the Year Ended June 30, 2018

	ACTUAL AMOUNTS					
	GAAP BASIS	GAAP TO BUDGET DIFFERENCES	BUDGETARY BASIS	BUDGETED AMOUNTS ORIGINAL	BUDGETED AMOUNTS FINAL	VARIANCE
REVENUES APPROPRIATED BY LEGISLATURE						
State General Fund	$8,184,454		$8,184,454	$8,184,454	$8,184,454	
Audit fees and self-generated revenues	23,464,289		23,464,289	22,373,567	22,373,567	$1,090,722
Reappropriated fund balance		$5,404,694 (1)	5,404,694	5,404,694	5,404,694	
Total revenues	31,648,743	5,404,694	37,053,437	35,962,715	35,962,715	1,090,722
EXPENDITURES						
Personnel services and related benefits	27,208,076	(26,028) (2)	27,182,048	28,927,197	28,170,440	988,392
Travel	410,821	7,965 (3)	418,786	587,895	562,695	143,909
Operating services	1,727,900	(59,958) (3)	1,667,942	1,949,468	1,939,809	271,867
Supplies	210,035		210,035	210,129	302,450	92,415
Professional services	2,220,968		2,220,968	1,686,000	2,386,995	166,027
Capital outlay	328,143		328,143	447,410	445,710	117,567
Debt service	159,306		159,306	159,306	159,306	
Total expenditures	32,265,249	(78,021)	32,187,228	33,967,405	33,967,405	1,780,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	(616,506)	5,482,715	4,866,209	1,995,310	1,995,310	2,870,899
FUND BALANCE AT BEGINNING OF YEAR	4,767,124	637,570 (4)	5,404,694	5,404,694	5,404,694	
Less reappropriated fund balance		(5,404,694)	(5,404,694)	(5,404,694)	(5,404,694)	
FUND BALANCE AT END OF YEAR	$4,150,618	$715,591	$4,866,209	$1,995,310	$1,995,310	$2,870,899

***Explanation of Differences**

(1) The budget includes reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.

(2) Personnel services and related benefits are budgeted only to the extent expected to be paid, rather than on the modified accrual basis.

(3) Certain expenditures are budgeted based on when payments are required to be made, but are properly classified as prepaid expenditures on a GAAP basis.

(4) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the budget. (See Note 1.E. for a description of the Louisiana Legislative Auditor's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement B) because of the cumulative effect of transactions such as those described above.

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Schedule of Employer's Proportionate Share of the Total Collective OPEB Liability
For the Year Ended June 30, 2018

Fiscal Year	Employer's Proportion of the Total Collective OPEB Liability	Employer's Proportionate Share of the Total Collective OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Total Collective OPEB Liability as a % of its Covered Payroll
State OGB Plan				
2018	0.25370%	$22,047,649	$8,256,469	267.0%
2017	0.25370%	$23,017,237	$9,873,773	233.1%
LSU System Health Plan				
2018	1.21584%	$11,862,566	$9,607,763	123.5%
2017	1.19081%	$12,019,076	$9,278,507	129.5%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented for the State OGB Plan have a measurement date of the previous fiscal year while the amounts for the LSU System Health Plan have a measurement date of the current fiscal year.

The accompanying notes are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULE
Schedule of Employer's Proportionate Share
of the Total Collective OPEB Liability
For the Year Ended June 30, 2018

STATE OGB PLAN

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Factors Affecting Trends

- In the June 30, 2018, valuation, the discount rate increased from 2.71% to 3.13%.

LSU SYSTEM HEALTH PLAN

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

Factors Affecting Trends

- In the June 30, 2018, valuation, the discount rate increased from 3.58% to 3.90%.
- Updated plan design changes as of January 1, 2018.
- Updated claim costs for the expected retiree health costs.
- Census changes since the last evaluation.

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Schedule of Employer's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2018

Fiscal Year	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
LASERS:					
2018	0.90288%	$63,552,115	$17,838,477	356.3%	62.5%
2017	0.95894%	$75,301,182	$18,395,693	409.3%	57.7%
2016	0.93625%	$63,678,997	$17,844,855	356.8%	62.7%
2015	0.92845%	$58,055,159	$17,977,900	322.9%	65.0%
2014	0.88909%	$64,767,090	$17,704,314	365.8%	58.6%
TRSL:					
2018	0.00630%	$645,766	$272,878	236.7%	65.6%
2017	0.00706%	$828,866	$307,401	269.6%	59.9%
2016	0.00907%	$975,554	$418,140	233.3%	62.5%
2015	0.01099%	$1,123,744	$484,613	231.9%	63.7%
2014	0.01050%	$1,253,575	$438,622	285.8%	56.5%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

The accompanying notes are an integral part of this schedule.

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Schedule of Employer's Pension Contributions
For the Year Ended June 30, 2018

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
LASERS:					
2018	$6,534,878	$6,534,878	$0	$17,242,420	37.9%
2017	$6,399,781	$6,399,781	$0	$17,838,477	35.9%
2016	$6,834,516	$6,834,516	$0	$18,395,693	37.2%
2015	$6,603,557	$6,603,557	$0	$17,844,855	37.0%
2014	$5,649,750	$5,649,750	$0	$17,977,900	31.4%
2013	$5,159,618	$5,159,618	$0	$17,704,314	29.1%
2012	$4,393,629	$4,393,629	$0	$17,118,208	25.7%
2011	$3,710,737	$3,710,737	$0	$16,824,708	22.1%
2010	$3,080,612	$3,080,612	$0	$16,410,326	18.8%
2009	$2,649,367	$2,649,367	$0	$14,317,023	18.5%
TRSL:					
2018	$30,696	$30,696	$0	$115,397	26.6%
2017	$69,698	$69,698	$0	$272,878	25.5%
2016	$79,143	$79,143	$0	$307,401	25.7%
2015	$108,808	$108,808	$0	$418,140	26.0%
2014	$123,252	$123,252	$0	$484,613	25.4%
2013	$99,301	$99,301	$0	$438,622	22.6%
2012	$80,741	$80,741	$0	$376,255	21.5%
2011	$69,031	$69,031	$0	$380,826	18.1%
2010	$40,363	$40,363	$0	$307,250	13.1%
2009	$33,044	$33,044	$0	$274,000	12.1%

The accompanying notes are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES
Schedule of Employer's Proportionate Share of the Net Pension Liability and Schedule of Employer's Pension Contributions
For the Year Ended June 30, 2018

LASERS

Changes of Benefit Terms

- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

Changes of Assumptions

- The discount rate used to measure the total pension liability changed from 7.75% to 7.70%.
- The inflation rate used to measure the total pension liability changed from 3.0% to 2.75%.
- Salary increases used to measure the total pension liability changed from a range of 3.0% to 14.5% to a range of 2.8% to 14.3%.

TRSL

Changes of Benefit Terms

There were no changes of benefit terms for the year ended June 30, 2018.

Changes of Assumptions

The discount rate used to measure the total pension liability changed from 7.75% to 7.70%.

SUPPLEMENTARY INFORMATION

COMBINING BALANCE SHEET - GENERAL FUND
(ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)

Schedule 5 presents the Balance Sheet, by the General Fund subaccounts.

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GENERAL FUND
(ALL APPROPRIATED AND NON-APPROPRIATED FUNDS)

Schedule 6 presents the Statement of Revenues, Expenditures, and Changes in Fund Balance, by the General Fund subaccounts.

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Combining Balance Sheet - General Fund
(All Appropriated and Non-appropriated Funds)
June 30, 2018

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	GENERAL FUND FOR THE YEARS ENDED JUNE 30, 2018	JUNE 30, 2017
ASSETS				
Cash in bank	$2,556,739	$1,968,516	$4,525,255	$6,002,095
Cash in State Treasury, means of financing		1,208,598	1,208,598	152,054
Accounts receivable	2,905	2,204,375	2,207,280	2,635,725
Prepaid expenses	331,318		331,318	383,485
TOTAL ASSETS	$2,890,962	$5,381,489	$8,272,451	$9,173,359
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$1,029,638		$1,029,638	$878,904
Accrued salaries and related benefits	1,068,552		1,068,552	1,040,520
Total Liabilities	2,098,190	NONE	2,098,190	1,919,424
Deferred inflows of resources:				
Deferred audit fees	NONE	2,023,643	2,023,643	2,486,811
Fund balances:				
Nonspendable - prepaid amounts	331,318		331,318	383,485
Assigned	461,454	3,357,846	3,819,300	4,383,639
Total Fund Balances	792,772	3,357,846	4,150,618	4,767,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$2,890,962	$5,381,489	$8,272,451	$9,173,359

LOUISIANA LEGISLATIVE AUDITOR
STATE OF LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund (All Appropriated and Non-appropriated Funds)
For the Year Ended June 30, 2018

	GENERAL APPROPRIATION FUND	ANCILLARY FUND	GENERAL FUND FOR THE YEARS ENDED JUNE 30, 2018	GENERAL FUND FOR THE YEARS ENDED JUNE 30, 2017
REVENUES				
State General Fund appropriation	$8,184,454		$8,184,454	$9,013,341
Audit fees and allocations		$23,438,033	23,438,033	22,802,631
Interest		26,232	26,232	23,127
Miscellaneous		24	24	312
Total revenues	8,184,454	23,464,289	31,648,743	31,839,411
EXPENDITURES				
Personnel services and related benefits	27,208,076		27,208,076	28,158,042
Travel	410,821		410,821	362,120
Operating services	1,727,900		1,727,900	1,648,936
Supplies	210,035		210,035	115,426
Professional services	2,220,968		2,220,968	1,512,884
Capital outlay	328,143		328,143	301,979
Debt service - principal	147,702		147,702	142,635
Debt service - interest	11,604		11,604	16,670
Total expenditures	32,265,249	NONE	32,265,249	32,258,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,080,795)	23,464,289	(616,506)	(419,281)
OTHER FINANCING SOURCES AND USES				
Transfer to Ancillary Fund	(733,153)	733,153		
Transfer to State General Fund				(2,000,000)
Transfer from Ancillary Fund	24,873,567	(24,873,567)		
Total other financing sources and uses	24,140,414	(24,140,414)	NONE	(2,000,000)
NET CHANGE IN FUND BALANCES	59,619	(676,125)	(616,506)	(2,419,281)
BEGINNING OF YEAR FUND BALANCE	733,153	4,033,971	4,767,124	7,186,405
END OF YEAR FUND BALANCE	$792,772	$3,357,846	$4,150,618	$4,767,124

EXHIBIT A

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

November 15, 2018

Louisiana Legislative Auditor
Baton Rouge, LA

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the Louisiana Legislative Auditor, a component unit of the State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which comprise the Louisiana Legislative Auditor's basic financial statements and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Legislative Auditor's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Legislative Auditor's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Legislative Auditor's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Legislative Auditor's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana