

DIVISION OF ADMINISTRATION
BUDGET SURPLUS
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED FEBRUARY 24, 2010

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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA

February 5, 2010

Independent Accountant's Report on
Applying Agreed-Upon Procedures

MS. ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION
DIVISION OF ADMINISTRATION
STATE OF LOUISIANA
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Division of Administration (Division) solely to assist the Division in complying with the provisions of Louisiana Revised Statute (R.S.) 39:75 relating to the Division's calculation of the State of Louisiana's General Fund Revenue Less Appropriations and Requirements (Surplus) for the fiscal year ended June 30, 2009, as reported in the fiscal year 2008-2009 Fiscal Status Summary (Summary) dated October 13, 2009, and approved by the Joint Legislative Committee on the Budget (JLCB) on October 16, 2009. Management of the Division is responsible for the calculation of the Surplus. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the Division. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures in accordance with the terms of the engagement agreement dated November 13, 2009:

General

We obtained from the Division its calculation of the State of Louisiana's Surplus for the year ended June 30, 2009, as reported in the fiscal year 2008-2009 Summary, dated October 13, 2009. The Surplus reported in the Summary totaled \$76 million (see Attachment A).

Revenues

1. We verified the mathematical accuracy of the “Actual Revenues (Estimated)” amount, net of reductions for statutory dedications, in the calculation of Surplus and traced and agreed the amount of taxes, licenses, and fees included in the calculation of “Actual Revenues (Estimated)” to the appropriate Integrated Statewide Information System (ISIS) reports and data, the state agencies’ Annual Fiscal Report (AFR) supplemental schedules, the State Treasurer’s Office reports, or other supporting documentation, as appropriate.

During our procedures, we identified net revenues of \$31.9 million that were manually disclosed on the Department of Public Safety’s AFR and improperly excluded from the Surplus calculation. The Division made the appropriate correction, as well as \$3.2 million in other self-identified corrections, prior to presenting the Summary to the JLCB on January 15, 2010.

2. We verified that the “Prior Year FY 07-08 Surplus Revenue - Recognized by the REC on February 18, 2009” was the actual Surplus amount recognized for fiscal year 2008 by the Revenue Estimating Committee.
3. We verified that the “FY 08-09 Deficit Reduction Plan transfer of statutory dedications approved by JLCB on 01/09/09” was the actual amount approved by the JLCB for fiscal year 2009.
4. We agreed the “Fiscal Year 2007-2008 Carry-Forward BA-7s into Fiscal Year 2008-2009” to the prior year Summary.
5. We agreed the “Carry-Forward from IEB Prior Appropriations” to the prior year Summary.
6. We agreed the “Capital Outlay - ‘Re-Appropriation’ Per Act 29 of 2008 from various prior years” amounts to the appropriations authorized by Act 29 of 2008 and verified the mathematical accuracy of the calculated amount.
7. We verified the mathematical accuracy of the amount calculated as “Subtotal Revenues.”

Expenditures

1. We verified the mathematical accuracy of the “Actual Expenditures” in the calculation of Surplus and traced and agreed the amounts recorded as expenditures in ISIS and to appropriate legislative acts or other supporting documentation, as appropriate.
2. We agreed “Agriculture debt service expenditure per Act 122 of 2009 RLS” to the appropriate ISIS expenditures and the legislative act and verified the mathematical accuracy of the amount calculated.

3. We agreed "FY 07-08 Budget Surplus transferred to the Budget Stabilization Fund" to the appropriate ISIS transfers and legislative approvals and verified the mathematical accuracy of the amount calculated.
4. We agreed the "FY 07-08 Budget Surplus utilized for FY 09-10 expenditures (Act 122 of 2009 RLS)" to the legislative act and other supporting documentation and verified the mathematical accuracy of the calculation.

During our work, we determined that Act 122 of 2009 RLS should have been labeled as Act 20 of 2009 RLS. The Division made the appropriate correction prior to presenting the Summary to the JLCB on January 15, 2010.

5. We agreed the "Fiscal Year 2008-2009 IEB Carry-Forward Balances" to appropriate ISIS and IEB supporting documentation and verified the mathematical accuracy of the amount calculated.
6. We agreed the "Fiscal Year 2008-2009 Carry-Forward BA-7s" to the appropriate BA-7 documents or to other supporting documents carrying the amounts forward into fiscal year 2010 and verified the mathematical accuracy of the amount calculated.
7. We recalculated the "Capital Outlay Carry-Forwards" by subtracting fiscal year 2009 actual expenditures as recorded in ISIS from the fiscal year 2009 capital outlay budget and by tracing reappropriations to Act 29 of 2008 and verified the mathematical accuracy of the amount calculated.
8. We verified the mathematical accuracy of the amount calculated as "Subtotal Expenditures."
9. We verified the mathematical accuracy of the total Surplus calculated.

In accordance with the engagement agreement dated November 13, 2009, any detected errors or proposed adjustments to the Surplus calculation totaling less than 1% of total Surplus, either individually or in the aggregate, were considered immaterial for the purposes of this engagement. Based on the procedures performed above, we did not find any exceptions that would exceed the 1% threshold, other than those exceptions already described above.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the Division's calculation of the State of Louisiana's Surplus for the fiscal year ended June 30, 2009, as reported in the fiscal year 2008-2009 Summary, dated October 13, 2009, or on the effectiveness of the Division's internal control over the calculation and reporting of the Surplus for the year ended June 30, 2009. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commissioner of Administration, management of the Division of Administration, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than those specified parties. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA
Temporary Legislative Auditor

EMS:BDC:BQD:THC:dl

SURPLUS09

Fiscal Year 2008-2009
Fiscal Status Summary

II. FY 2008-2009 Fiscal Status Summary:

Actual Revenues (Estimated)	\$9,385.835338	
Prior Year FY 07-08 Surplus Revenue - Recognized by the REC on February 18, 2009	865.679501	
FY 08-09 Deficit Reduction Plan transfer of statutory dedications approved by JLCB on 01/09/2009	24.378056	
Fiscal Year 2007-2008 Carry-Forward BA-7's into Fiscal Year 2008-2009	88.866887	
Carry-Forward from IEB prior appropriations	3.326120	
Capital Outlay - "Re-Appropriation" Per Act 29 of 2008 from various prior years	<u>1.970891</u>	
		\$10,370.056793
SUBTOTAL - REVENUES		
Actual Expenditures	\$9,381.747806	
Agriculture debt service expenditure per Act 122 of 2009 RLS	15.000000	
FY 07-08 Budget Surplus transferred to Budget Stabilization Fund	67.383841	
FY 07-08 Budget Surplus utilized for FY 09-10 expenditures (Act 20 of 2009 RLS)	782.290000	
Fiscal Year 2008-2009 IEB Carry-Forward Balances	3.481715	
Fiscal Year 2008-2009 Carry-Forward BA-7's	34.377681	
Capital Outlay Carry-Forwards	<u>9.747532</u>	
		\$10,294.028575
SUBTOTAL - EXPENDITURES		
General Fund Revenue Less Appropriations & Requirements FY 2008-2009		<u><u>\$76.028218</u></u>

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