

DIVISION OF ADMINISTRATION
BUDGET DEFICIT
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED MARCH 28, 2012

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

January 20, 2012

Independent Accountant's Report on
Applying Agreed-Upon Procedures

MR. PAUL RAINWATER
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 (Deficit) for the fiscal year ended June 30, 2011, as reported in the fiscal year 2010-2011 Fiscal Status Summary (Summary) approved by the Joint Legislative Committee on the Budget (JLCB) on October 28, 2011. Management of the Division is responsible for the calculation of the Deficit. 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 21, 2011:

General

We obtained from the Division its calculation of the State of Louisiana's Deficit for the year ended June 30, 2011, as reported in the fiscal year 2010-2011 Summary approved by the JLCB on October 28, 2011.

Revenues

1. We verified the mathematical accuracy of the "Actual Revenues" amount, net of reductions for statutory dedications, in the calculation of the Deficit and traced and agreed the amount of taxes, licenses, and fees included in the calculation to the appropriate Integrated Statewide Information System (ISIS) reports and data, the state agencies' Annual Fiscal Report supplemental schedules, the State Treasurer's Office reports, or other supporting documentation, as appropriate.
2. We agreed the "Prior Year Deficit" to the prior year Summary or other supporting documentation, as appropriate.
3. We agreed the "Omni Bank refund after completion of Hotel Dieu debt service expenditure" to appropriate supporting documentation.
4. We agreed the "Act 52 of 2011 - Capital Outlay 09/331 Utilizes Federal Funds in lieu of State General Fund" to amounts authorized by Act 52 of 2011.
5. We agreed the "Act 378 of 2011 transfers from Overcollections fund to the State General Fund" to amounts authorized by Act 378 of 2011 and verified the mathematical accuracy of the amount calculated.
6. We agreed the "Act 633 of 2010 transfer from the Incentive Fund" to the amount authorized by Act 633 of 2010.
7. We agreed the "Fiscal Year 2009-2010 Carry-Forward BA-7s into Fiscal Year 2010-2011" to the prior year Summary or other supporting documentation, as appropriate.
8. We agreed the "Carry-Forward of IEB prior appropriations" to the prior year Summary or other supporting documentation, as appropriate.
9. We agreed the "Capital Outlay - Re-Appropriation" to the appropriations authorized in the 2011 Capital Outlay Act or other supporting documentation, as appropriate. We verified the mathematical accuracy of the amount calculated.

During our procedures, we identified that capital outlay appropriations in the amount of \$223,000 were improperly excluded from the calculation. The Division made the appropriate correction before presenting the Summary to the JLCB on January 20, 2012 (see Attachment A).

10. We verified the mathematical accuracy of the amount calculated as "Subtotal Revenues."

Expenditures

1. We verified the mathematical accuracy of "Actual Expenditures" in the calculation and traced and agreed to the amounts recorded as expenditures in ISIS, to appropriate legislative acts, or to other supporting documentation, as appropriate.

During our procedures, we identified that expenditures in the amount of \$315,854 were improperly excluded from the calculation. The Division made the appropriate correction before presenting the Summary to the JLCB on January 20, 2012 (see Attachment A).

2. We agreed the "Fiscal Year 2010-2011 IEB Carry-Forward Balances" to reports provided by the Office of Planning and Budget (OPB), reports provided by the Interim Emergency Board (IEB), or other appropriate supporting documentation. We verified the mathematical accuracy of the amount calculated.
3. We agreed the "Fiscal Year 2010-2011 Carry-Forward BA-7s" to the appropriate BA-7 documents, reports provided by the Office of Statewide Reporting and Accounting Policy, reports provided by OPB, or to other appropriate supporting documentation. We verified the mathematical accuracy of the amount calculated.
4. We agreed the "Capital Outlay Carry-Forwards" to reports provided by OPB, reports provided by the Office of Facility Planning and Control, or to other appropriate supporting documentation. We verified the mathematical accuracy of the amount calculated.

During our procedures, we identified that capital outlay carry-forwards in the amount of \$223,000 were improperly excluded from the calculation. The Division made the appropriate correction before presenting the Summary to the JLCB on January 20, 2012 (see Attachment A).

5. We verified the mathematical accuracy of the amount calculated as "Subtotal Expenditures."
6. We verified the mathematical accuracy of the total Deficit calculated.

In accordance with the engagement agreement dated November 21, 2011, any detected errors or proposed adjustments to the Deficit calculation totaling less than 1% of total Deficit, either individually or in the aggregate, were considered immaterial for the purposes of this engagement. Based on the procedures performed, we did not find any exceptions that would exceed the 1% threshold other than the exceptions already described.

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 Deficit for the fiscal year ended June 30, 2011, as reported in the fiscal year 2010-2011 Summary or on the effectiveness of the Division's internal control over the calculation and reporting of the Deficit for the year ended June 30, 2011. 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,

A handwritten signature in blue ink that reads "Daryl G. Purpera". The signature is written in a cursive style with a large, prominent initial "D".

Daryl G. Purpera, CPA, CFE
Legislative Auditor

EMS:CR:BDC:THC:dl

SURPLUS 2011

ATTACHMENT A

Fiscal Year 2010-2011
Fiscal Status Summary

II. FY 2010-2011 Fiscal Status Summary (amounts in millions):

Actual Revenues (Estimated REC revenue projection was \$7,769.0)	\$7,770.044
Prior Year Deficit	(107.977)
Omni Bank refund after completion of Hotel Dieu debt service expenditure	3.673
Act 52 of 2011 - Capital Outlay 09/331 Utilizes Federal funds in lieu of State General Fun	25.000
Act 378 of 2011 transfers from Overcollections fund to the State General Fund	26.920
Act 633 of 2010 transfer from Incentive Fund	3.950
Fiscal Year 2009-2010 Carry-Forward BA-7s into Fiscal Year 2010-2011	12.739
Carry-Forward of IEB prior appropriations	1.077
Capital Outlay - Re-Appropriation	32.830
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SUBTOTAL REVENUES	\$7,768.256
Actual Expenditures	\$7,731.525
Fiscal Year 2010-2011 IEB Carry-Forward Balances	1.060
Fiscal Year 2010-2011 Carry-Forward BA-7's	16.636
Capital Outlay Carry-Forwards	32.830
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SUBTOTAL EXPENDITURES	7,782.051
General Fund Revenue Less Appropriations & Requirements FY 2010-2011	<u><u>(\$13.796)</u></u>

The schedule above is presented in the format that was approved by the Joint Legislative Committee on the Budget on January 20, 2012. The revenue and expenditure subtotals have been rounded to the nearest million to three decimal places rather than six, resulting in an unadjusted rounding difference in the calculated deficit.