Financial Statement

BALANCE SHEET	AUTO LIABILITY RISK GROUP	AUTO PHYSICAL DAMAGE RISK GROUP	BONDS RISK GROUP	SELF-INSURED LINES WORKER'S COMP RISK GROUP	MARITIME RISK GROUP	PROPERTY RISK GROUP	GENERAL LIABILITY RISK GROUP	PERSONAL INJURY RISK GROUP
ASSETS								
Cash & investments	$9,392,020	($1,484,309)	($592,712)	$15,023,113	$6,595,231	($18,369,252)	$42,353,438	$12,031,167
Insurance and reinsurance balances receivable	$4,264	$1,098	$4,836	($664,971)	$165,261	$231,368	$698,234	$16,108
Less reserve for abolished agencies	$0	$0	$0	$0	$0	$435	$0	$0
Interest receivable and other assets	$17,721	$91	$5	$1,135,212	$895,474	$24,200	$81,248	$22,812
Prepaid insurance	$779,989	$40,728	$251,480	$146,580	$128,058	$8,290,010	$3,058,731	$772,375
Machinery	$103,437	$27,773	$1,898	$528,177	$42,752	$46,348	$190,709	$54,124
Less: Accumulated depreciation	$98,379	$18,048	$1,448	$432,130	$35,932	$36,522	$166,979	$26,828
TOTAL ASSETS	$10,199,052	($1,432,667)	($335,941)	$15,735,981	$7,790,844	($9,814,283)	$46,215,381	$12,869,758
LIABILITIES & FUND EQUITY								
LIABILITIES								
Loss & expense reserves	$26,652,679	$106,237	$233,627	$185,774,382	$5,033,871	$6,198,012	$138,592,573	$46,577,887
Unearned premium	$0	$0	$0	$0	$0	$64,847	$0	$0
Other liabilities	$32,996	$11,654	$4,797	$1,013,858	$7,891	$28,302	$95,910	$17,643
TOTAL LIABILITIES	$26,685,675	$117,891	$238,424	$186,788,240	$5,041,762	$6,291,161	$138,688,483	$46,595,530
FUND EQUITY								
Dedicated funds	$5,000,000	$1,000,000	$250,000	$2,500,000	$2,500,000	$2,500,000	$15,000,000	$1,000,000
Distributable funds	($21,486,623)	($2,550,558)	($824,365)	($173,552,259)	$249,082	($18,605,444)	($107,473,102)	($34,725,772)
TOTAL FUND EQUITY	($16,486,623)	($1,550,558)	($574,365)	($171,052,259)	$2,749,082	($16,105,444)	($92,473,102)	($33,725,772)
TOTAL LIABILITIES AND FUND EQUITY	$10,199,052	($1,432,667)	($335,941)	$15,735,981	$7,790,844	($9,814,283)	$46,215,381	$12,869,758

STATEMENT OF REVENUES AND EXPENSES	AUTO LIABILITY RISK GROUP	AUTO PHYSICAL DAMAGE RISK GROUP	BONDS RISK GROUP	SELF-INSURED LINES WORKER'S COMP RISK GROUP	MARITIME RISK GROUP	PROPERTY RISK GROUP	GENERAL LIABILITY RISK GROUP	PERSONAL INJURY RISK GROUP
OPERATING REVENUES								
Premiums written	$9,086,417	$1,129,581	$247,720	$44,013,925	$819,399	$12,986,307	$23,433,780	$11,496,729
General fund appr./non-tort reimbursement	$0	$0	$0	$0	$0	$0	$0	$0
Add unearned premium from prior year	$0	$0	$0	$0	$0	$64,227	$0	$0
Less unfunded premium	$0	$0	$0	$0	$0	$0	$0	$0
Less unearned premium as of date of statement	$0	$0	$0	$0	$0	$64,847	$0	$0
Less cost of insurance	$774,867	$39,750	$205,675	$217,664	$128,058	$8,079,662	$1,964,570	$772,375
TOTAL INCOME	$8,311,550	$1,089,831	$42,045	$43,796,261	$691,341	$4,906,025	$21,469,210	$10,724,354
OPERATING EXPENSES								
General and administrative expenses	$68,508	$69,000	$7,315	$1,081,568	$14,087	$148,569	$245,142	$343,890
Claims cost:								
Losses	$5,058,460	$1,257,049	$236,862	$31,297,198	$1,123,136	$3,044,390	$5,805,352	$1,577,854
Allocated loss adjustment expense	$679,126	$30,453	$2,214	$1,208,752	$137,361	$147,143	$4,203,818	$2,721,950
Unallocated loss adjustment expense	$117,321	$139,233	$4,498	$2,953,067	$2,658	$134,864	$176,854	$188,803
Change in provision for losses and expenses	$3,250,945	($539,019)	($44,533)	$40,848,140	$864,014	$235,589	$21,730,407	$520,796
TOTAL EXPENSES	$9,174,360	$956,716	$206,356	$77,388,725	$2,141,256	$3,710,555	$32,161,573	$5,353,293
NET INCOME(LOSS) FROM OPERATIONS	($862,810)	$133,115	($164,311)	($33,592,464)	($1,449,915)	$1,195,470	($10,692,363)	$5,371,061
NON-OPERATING REVENUES AND EXPENSES								
Interest income	$162,976	$0	$0	$324,660	$117,111	$4,628	$731,229	$224,492
Gain(loss) on sale of fixed assets/ misc. income	$1	$5	$0	$40	$4	$4	$8	$9
OTHER INCOME/LOSS	$162,977	$5	$0	$324,700	$117,115	$4,632	$731,237	$224,501
TOTAL NET INCOME/LOSS	($699,833)	$133,120	($164,311)	($33,267,764)	($1,332,800)	$1,200,102	($9,961,126)	$5,595,562
RETAINED EARN/FUND BAL. JULY 1, 1995	($15,786,790)	($1,683,678)	($410,054)	($137,784,495)	$4,081,882	($17,305,546)	($82,511,976)	($39,321,334)
Current year income(loss)	($699,833)	$133,120	($164,311)	($33,267,764)	($1,332,800)	$1,200,102	($9,961,126)	$5,595,562
Split of coverages	$0	$0	$0	$0	$0	$0	$0	$0
Transfer of funds	$0	$0	$0	$0	$0	$0	$0	$0
Prior year adjustments	$0	$0	$0	$0	$0	$0	$0	$0
RETAINED EARN/FUND BAL. JUNE 30, 1996	($16,486,623)	($1,550,558)	($574,365)	($171,052,259)	$2,749,082	($16,105,444)	($92,473,102)	($33,725,772)

Financial Statement

SELF-INSURED LINES							UNINSURED LINES					
MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP	CRIME RISK GROUP	MEDICAL MALPRACTICE RISK GROUP	ROAD HAZARDS RISK GROUP	MISC. TORT OTHER	MISC. TORT OTHER UNINSURED	MISC. TORT MALPRACTICE UNINSURED	MISC. TORT ROAD HAZARD UNINSURED	NON-TORT PAYMENTS	PCF	TOTAL SELF-INSURED & UNINSURED LINES
($4,737,305)	($1,384,323)	($1,519,029)	$1,140,659	$100,831,370	$16,409,597	$4,794,960	($4,268,204)	($28,455,944)	($73,067,321)	$0	$0	$74,693,176
$15,335	($5,082)	($381,341)	($3,157)	$77,991	$41	($51,769)	$5,000	$241,417	$967,264	$0	$0	$1,321,897
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$435
$37	$8	$24	$2,278	$191,432	$35,717	$8,089	$27	$46	$58	$0	$0	$2,414,459
$1,183,156	$624,268	$502,188	$65,569	$0	$825,555	$0	$0	$0	$0	$0	$0	$16,668,687
$5,829	$1,521	$12,421	$2,627	$124,890	$180,911	$58,819	$8,119	$15,804	$34,963	$0	$0	$1,441,122
$3,502	$964	$10,775	$2,529	$80,752	$108,136	$43,285	$5,633	$10,757	$23,813	$0	$0	$1,106,412
($3,536,450)	($764,572)	($1,396,512)	$1,205,447	$101,144,931	$17,343,685	$4,766,814	($4,260,691)	($28,209,434)	($72,088,849)	$0	$0	$95,432,494
				$0								
$336,416	$9,490	$507,925	$19,518	$205,722,659	$489,043,152	$5,937,050	$6,299,764	$16,095,569	$38,890,170	$0	$0	$1,172,030,971
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$64,847
$1,567	($5,186)	$9,021	$1,691	$67,294	$68,332	$34,155	$3,140	$3,209	$5,553	$0	$0	$1,401,827
$337,983	$4,304	$516,946	$21,209	$205,789,953	$489,111,484	$5,971,205	$6,302,904	$16,098,768	$38,895,723	$0	$0	$1,173,497,645
$500,000	$250,000	$500,000	$1,000,000	$3,500,000	$2,500,000	$1,000,000	$0	$0	$0	$0	$0	$39,000,000
($4,374,433)	($1,018,876)	($2,413,458)	$184,238	($108,145,022)	($474,267,799)	($2,204,391)	($10,563,595)	($44,308,202)	($110,984,572)	$0	$0	($1,117,065,151)
($3,874,433)	($768,876)	($1,913,458)	$1,184,238	($104,645,022)	($471,767,799)	($1,204,391)	($10,563,595)	($44,308,202)	($110,984,572)	$0	$0	($1,078,065,151)
($3,536,450)	($764,572)	($1,396,512)	$1,205,447	$101,144,931	$17,343,685	$4,766,814	($4,260,691)	($28,209,434)	($72,088,849)	$0	$0	$95,432,494

SELF-INSURED LINES							UNINSURED LINES					
MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP	CRIME RISK GROUP	MEDICAL MALPRACTICE RISK GROUP	ROAD HAZARDS RISK GROUP	MISC. TORT OTHER	MISC. TORT OTHER UNINSURED	MISC. TORT MALPRACTICE UNINSURED	MISC. TORT ROAD HAZARD UNINSURED	NON-TORT PAYMENTS	PCF	TOTAL SELF-INSURED & UNINSURED LINES
$1,251,106	$559,949	$2,032,313	$73,893	$44,090,978	$35,524,857	$3,268,281	$586,160	$1,521,035	$967,264	$0	$0	$193,089,694
$0	$0	$0	$0	$0	$0	$0	$0	$0	$5,781,834	$4,706,693	$54,631	$10,543,158
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$64,227
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$64,847
$1,105,250	$527,201	$502,188	$55,674	$0	$825,555	$0	$0	$0	$0	$0	$0	$15,198,489
$145,856	$32,748	$1,530,125	$18,219	$44,090,978	$34,699,302	$3,268,281	$586,160	$1,521,035	$6,749,098	$4,706,693	$54,631	$188,433,743
$25,588	$4,828	$16,547	$1,850	$462,994	$712,681	$19,237	$6,423	($445)	$7,288	$0	$0	$3,235,070
$154,387	$11,597	$851,839	$18,340	$10,339,465	$32,396,356	$100,688	$1,229,224	$1,824,303	$4,040,653	$120,000	$0	$100,487,153
$50,248	$63	$9,961	$25	$3,218,639	$5,775,066	$191,620	$281,828	$152,087	$648,737	$510	$0	$19,459,601
$1,957	$68	$38,515	$89	$416,848	$433,295	$11,206	$0	$0	$0	$0	$54,631	$4,673,897
$17,367	($4,390)	$198,403	$11,419	$9,902,348	$111,630,174	($9,834,779)	($4,222,763)	$7,551,743	($29,613,638)	$0	$0	$152,502,223
$249,557	$12,166	$1,115,265	$31,703	$24,340,294	$150,947,572	($9,512,028)	($2,705,288)	$9,527,688	($24,916,960)	$120,510	$54,631	$280,357,944
($103,701)	$20,582	$414,860	($13,484)	$19,750,684	($116,248,270)	$12,780,309	$3,291,448	($8,006,653)	$31,666,058	$4,586,183	$0	($91,924,201)
$0	$0	$0	$19,425	$1,427,821	$318,107	$65,973	$0	$0	$0	$0	$0	$3,396,422
$1	$0	$1	$0	$19	$29	$9	$0	$3	$6	$0	$0	$139
$1	$0	$1	$19,425	$1,427,840	$318,136	$65,982	$0	$3	$6	$0	$0	$3,396,561
($103,700)	$20,582	$414,861	$5,941	$21,178,524	($115,930,134)	$12,846,291	$3,291,448	($8,006,650)	$31,666,064	$4,586,183	$0	($88,527,640)
($3,770,733)	($789,458)	($2,328,319)	$1,178,297	($125,823,546)	($355,837,665)	($14,050,682)	($13,855,043)	($36,301,552)	($142,650,636)	($4,586,183)	$0	($989,537,511)
($103,700)	$20,582	$414,861	$5,941	$21,178,524	($115,930,134)	$12,846,291	$3,291,448	($8,006,650)	$31,666,064	$4,586,183	$0	($88,527,640)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
($3,874,433)	($768,876)	($1,913,458)	$1,184,238	($104,645,022)	($471,767,799)	($1,204,391)	($10,563,595)	($44,308,202)	($110,984,572)	$0	$0	($1,078,065,151)

Notes to the Financial Statement

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Risk Management is an agency of the State of Louisiana reporting entity. The Office of Risk Management was created in accordance with Title 39; Chapter 1527:1544 of the Louisiana Revised Statutes of 1950 as a part of the Executive branch of government. The Office of Risk Management is charged with administering the self-insurance program within the State of Louisiana.

The Office of Risk Management prepared its financial statements in accordance with the procedures established by the Division of Administration. While the financial activities of the Office of Risk Management are not legally or practically an established fund account, they are organized and operated on a fund basis whereby a separate self-balancing set of accounts is maintained to account for authorized or appropriated activities. Therefore, while the accompanying financial statements of the Office of Risk Management contain sub-account information of the various funds of the State of Louisiana they only present information as to the transactions of the Office of Risk Management as authorized by Louisiana statutes and administrative regulations, and as such, they are not prepared in accordance with generally accepted accounting principles. In addition, general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial statements but are recognized in the account groups of the general purpose financial statements of the State of Louisiana.

In June of 1993, the Governmental Accounting Standards Board (GASB) updated its Codification of Governmental Accounting and Financial Reporting Standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

Annually the State of Louisiana issues a comprehensive annual financial report which includes the activity contained in the accompanying financial statements. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

B. FUND ACCOUNTING

Self-Generated Appropriations
The Office of Risk Management normally does not receive any funds directly from the General Operating Fund, but receives its funds as premiums billed to other State agencies. For Fiscal Year 1995-96, ORM billed premiums in the amount of $193,089,694.

General Operating Appropriations
The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenses and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.
Non-Appropriated Funds (describe each Non-Appropriated Fund)

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Office of Risk Management are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenues
State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45 day close period.

Fees and self-generated revenues, interagency transfers, federal funds, intrafund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid. (List any other exceptions.)

D. GENERAL FIXED ASSETS

At June 30, 1996, the agency had stewardship responsibility for $1,454,541 in movable property, valued at straight line. The agency does not include in the movable property inventory items valued at $250 or less; however, movable property acquired through capital leases have been added to the inventory.

In accordance with Louisiana Revised Statutes 39:321-332, the agency has complied with the movable property statutes of the State of Louisiana.

(As of this fiscal year, most agencies have purged movable property valued at less than $250. These agencies cannot use the first two columns. Agencies still maintaining movable property items valued at less than $250 are the only agencies allowed to use the first two columns below. The beginning balance should equal the ending balance shown on the 1994 Note D. The dollar amount of the purged items should be reported in the second column. The third column, "Restated Balance" is column one minus column two. remaining columns should be completed as in prior years.) A summary of changes in movable property follows:

Balance July 1, 1995	Adjustment	Restated Balance July 1, 1995	Additions	Deletions	Balance June 30, 1996
$1,368,030	$ 0	$ 0	$106,694	$20,183	$1,454,541

E. LONG TERM OBLIGATIONS

The agency by statute is not allowed to incur bonded indebtedness and therefore no recognition within this account is necessary. Further, any long term obligation

of the agency arising from lease commitments or compensated absences are not recognized in the accompanying statements but are disclosed within these notes.

F. ENCUMBRANCE ACCOUNTING

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances are recorded by the agency but are not included in the financial statements. The agency does not have the ability to finance the liquidation of encumbrances after June 30, 1996 as provided by Louisiana Revised Statute 39:82(A).

G. BUDGETARY PRACTICES

The appropriations made for the general operations of the various funds of the agency are annual lapsing appropriations. Ancillary/auxiliary appropriations are made for the operations of programs outside the agency's general operations.

1. The budgetary process for the general appropriation and the auxiliary appropriation is an annual appropriation valid for one year. Revenues for budgetary purposes are recognized on the same basis of accounting as described in Note C. Expenditures for budgetary purposes are recognized on the same basis of accounting as described in Note C.

   (If revenues and expenditures for budgetary purposes are recognized on a basis different than identified above, describe the differences and provide a reconciliation between Schedule 1 and Statement B in the Notes to the Financial Statement.)

2. The agency is prohibited by statute from over expending the programs established in the budget.

3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.

4. The budgetary information in the financial statements include the original appropriation plus subsequent amendments as follows:

	General Appropriations	Ancillary	Ancillary	Ancillary
Original approved budget	$	$ 223,688,933	$	$
Amendments (Group like amendments together)	10,488,526	(9,331,054)		
Total	$ 10,488,526	$ 214,357,879	$	$

During the fiscal period the general appropriations/ancillary auxiliary fund type employs encumbrance accounting to assure compliance with annual appropriation acts.

The Auxiliary Appropriation funds are allowed to retain excess resources to fund future program expenses as a restricted fund balance. The non-appropriated funds are not subject to budgetary control.

H. JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

No judgments and/or claims exist against the Office of Risk Management outside the scope of its capacity as self-insurer for the State.

I. LEAVE

1. Annual and Sick Leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute

retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees, Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 1996, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be $ 363,320. The leave payable is recorded in the accompanying financial statements.

NOTE: Should you have employees who upon retirement - or their heirs upon the employee's death - are compensated for up to 25 days of unused sick leave, you should include the dollar value of this leave in the annual leave shown above. **Civil Service General Circular Number 001155 states that classified employees belonging to the Teacher's Retirement System of Louisiana and to the Louisiana School employee's Retirement System are not eligible for payment of unused sick leave upon retirement or death. L.R.S. 17:425 on the other hand provides for payment for up to 25 days of unused sick leave for members of these two systems. In Opinion Number 94-373, the Attorney General opined that the Civil Service Commission had jurisdiction over classified employees and therefore those members are not eligible for payment of unused sick leave. Because the Commission has no authority over unclassified employees, those members are eligible to receive such compensation.**

(Revised 3/95)

2. Compensatory Leave (Use for Non-Exempt Employees)

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 1996 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be $ 350 . The leave payable is recorded in the accompanying financial statements.

J. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non-appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 1995-1996 amounted to $105,885.

1. OPERATING LEASES

Operating leases are all leases which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule.

Rental expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter the lease. In those instances, rental expense is determined on either a straight-line or interest basis over the term of the lease, as required by GASB 13, and not in accordance with lease terms. The agency does not have leases with scheduled rent increases due to temporary rent reductions used as an inducement to enter the lease. The resulting revenues/expenses are not shown on the statement of operations. If not included on the statement of operations, attach a schedule listing all such leases.

Nature of Operating Lease	1996-97	1997-98	1998-99	1999-2000	2000-01	Thereafter
a. Office Space	$ 115,790	$ 13,816	$ 13,816	$ 13,816	$ 10,362	$
b. Equipment						
c. Land						
d. Other						
Total	$ 115,790	$ 13,816	$ 13,816	$ 13,816	$ 10,362	$