FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

MINNESOTA STATE SENATE

June 30, 1998 and 1997

CONTENTS

Accountants and
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Secretary of the Senate
Minnesota State Senate

We have audited the accompanying statements of status of appropriations and expenditures of the Minnesota State Senate (Senate), as of and for the years ended June 30, 1998 and 1997. These financial statements are the responsibility of the Senate's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in note A, the financial statements of the Senate are intended to present only that portion of the State of Minnesota financial statements that is attributed to the transactions of the Senate.

In our opinion, the financial statements referred to above present fairly, in all material respects, the status of appropriations and expenditures of the Minnesota State Senate as of and for the years ended June 30, 1998 and 1997 in conformity with generally accepted accounting principles.

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The Year 2000 supplementary information on page 15 is not a required part of the general-purpose financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Senate is or will become Year 2000 compliant, that the Senate's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Senate does business are or will become Year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 8, 1998 on our consideration of the Senate's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The statistical information listed in the table of contents is not necessary for fair presentation of the general purpose financial statements, but is presented as additional analytical data. This information is unaudited and we to not express an opinion on it.

Grant Thornton LLP

Minneapolis, Minnesota
December 8, 1998

Minnesota State Senate

STATEMENTS OF STATUS OF APPROPRIATIONS

For the years ended June 30,

	1998	1997
Appropriation carryforward, beginning of year	$ 1,109,905	$ 1,637,973
Appropriation for the year:		
Original appropriation	18,974,000	16,163,000
Other receipts for the year	18,777	48,406
Total appropriation and other receipts	18,992,777	16,211,406
Expenditures for the year	(17,627,068)	(16,739,474)
Appropriation carryforward, end of year		
Reserved	1,155,709	1,109,905
Unreserved	1,319,905	-
	$ 2,475,614	$ 1,109,905

The accompanying notes are an integral part of these statements.

Minnesota State Senate

STATEMENTS OF EXPENDITURES

For the years ended June 30,

	1998	1997
Salaries and Benefits:		
Salaries – senators	$ 2,017,477	$ 2,006,516
Salaries – staff	9,037,184	8,647,481
MSRS and FICA, and other benefits	1,193,876	1,130,866
Insurance – staff	752,846	666,090
Insurance – senators	264,376	253,219
Unemployment compensation	18,425	25,217
Workers' compensation	9,599	8,330
	13,293,783	12,737,719
Services:		
Rents, leases and maintenance (includes copy equipment)	21,159	501,302
Employment and publicity advertisement	35,021	28,510
Furniture and maintenance repairs	38,129	39,050
Maintenance agreements	176,283	229,924
Printing	213,898	253,160
Micrographics	192	2,694
Consultant expense	99,885	35,358
Legal fees and settlements	-	205,770
EDP-ISB	23,043	18,873
EDP-software	9,869	61,865
EDP-development (includes equipment)	558,211	499,091
Dry cleaning/carpet cleaning	747	57
Interns	25,491	40,691
	1,201,928	1,916,345
Subsistence:		
Postage	139,388	115,661
Telephones	672,470	305,915
Delivery service	3,581	3,921
Mailing service	9,825	11,493
Mileage	161,958	114,150
In-state travel/lodging	229,469	179,041
Per deim	421,912	531,912
Registration	70,430	51,670
State vehicle	1,177	626
Out-state travel	190,935	106,670
Tuitions/memberships/admissions	27,101	27,782
	1,928,246	1,448,841

Minnesota State Senate

STATEMENTS OF EXPENDITURES - CONTINUED

For the years ended June 30,

	1998	1997
Furniture, Supplies, Equipment and Capital Outlay:		
Video	$ 474,318	$ 31,160
Photographic	6,614	12,088
Furniture and equipment	171,011	287,548
Capital outlay	315,743	-
Office supplies/stationery	129,870	199,901
Newspaper and publications	49,517	46,525
Water and coolers	12,129	14,740
Cleaning supplies	1,777	2,505
Miscellaneous	42,132	42,102
	1,203,111	636,569
	$17,627,068	$16,739,474

The accompanying notes are an integral part of these statements.

Minnesota State Senate

NOTES TO FINANCIAL STATEMENTS

June 30, 1998 and 1997

NOTE A – FINANCIAL REPORTING ENTITY

The Minnesota State Senate (Senate) was established in 1858. It consists of 67 members who are elected by Minnesota voters to serve four-year terms making laws for the State of Minnesota (the State) and its people, and proposing amendments to the State constitution. The Senate is part of the legislative branch of the State government and, as such, its financial transactions are included in the State's General Fund and become part of the State financial reporting entity. The financial statements of the General Fund of the State are examined by the Office of the Legislative Auditor.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Senate conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

Basis of Presentation

The Senate is funded by an appropriation from the General Fund of the State. The unspent portion of the appropriation is carried forward indefinitely and, in accordance with specific approval procedures, is available currently for unbudgeted, major expenditures. The cumulative amount of the unspent portion of appropriations is included in the statements of status of appropriations. Unspent appropriations not carried forward and unencumbered at the end of a biennium shall be returned to the fund from which appropriated (see note E). The Senate's expenditures are classified according to State administrative guidelines.

Basis of Accounting

Basis of accounting refers to when transactions are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurement made, regardless of the nature of the measurement.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The financial statements of the Senate are prepared on the modified accrual basis of accounting as appropriate for governmental funds. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable. Exceptions to this general rule are for accumulated unpaid vacation and sick leave, which is not recognized until paid (see note D).

Disbursement of Funds

Senate funds are disbursed by the State's Department of Finance.

Budgetary Accounting

The Senate adopts a budget for each year of the State's fiscal biennium that reflects the total amount that can be expended by the Senate. Budgets for each year in a biennium are prepared by the Senate's administrative staff. The budget is first reviewed and approved by the Rules and Administration Senate Budget Subcommittee. Based on the Subcommittee's recommendation, the Rules and Administration Committee adopts an operating budget for the Senate. The budget is then referred to the Senate Finance Committee. The budget must be approved by the Senate Finance Committee, the Senate and the State House of Representatives. The approved budget is submitted to the State's Department of Finance and an appropriation for the budgeted amount is awarded for each year in the biennium.

Expenditures cannot legally exceed the total initially appropriated unless supplemental appropriations are approved by the State Commissioner of Finance or unspent appropriations carried forward from previous years are available.

Vacation and Sick Leave Policy

Permanent employees accrue vacation and sick leave according to State administrative guidelines. Senators and temporary employees do not accrue vacation or sick leave. Upon severance, permanent employees are compensated for all of their earned but unused vacation up to a maximum of 275 hours and a percentage of their accumulated sick leave depending upon length of State service and the nature of their severance (voluntary or involuntary).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fixed Assets

Fixed asset acquisitions are recorded as expenditures, consistent with the procedures for governmental fund-type accounting. The Senate maintains a record of its fixed assets at historical cost in a memorandum ledger.

NOTE C – RETIREMENT PLANS

(a) Senators are covered by the Legislative Retirement Plan, a defined benefit plan established and administered in accordance with Minnesota Statutes Chapter 3A, which is administered by the Minnesota State Retirement System (MSRS). Senators contribute nine percent of their salaries to the plan. These contributions are deposited into the State's General Fund. Upon retirement of a senator, funds equal to the present value of future benefits to be paid to that senator are transferred from the General Fund to the Minnesota Post Retirement Investment Fund. The Senate makes no direct contribution to the plan and is not responsible for any unfunded liability of the plan.

(b) All permanent employees of the Senate are covered by the Unclassified Retirement Plan, a defined contribution plan, established by Minnesota Statutes Chapter 352D, which is also administered by MSRS. Employees contribute 4.0% and 4.07% of their salaries for 1998 and 1997 and the Senate contributes 6% of salaries each year to the plan. The employees' and Senate's contributions were $332,560 and $498,839 in 1998, and $318,366 and $469,335 in 1997. The Senate made all required contributions.

(c) The permanent employees and members of the Senate are eligible to participate in the Senate's deferred compensation plan as permitted by Minnesota statutes. Eligible employees may elect to have a percentage of their pay contributed to the plan. Contributions are invested in MSRS or qualifying annuity contracts selected by plan participants. Beginning January 1, 1998, eligible employees could elect to contribute up to 40 hours of vacation pay to the plan or have the Senate match the first $200 contributed to the plan each fiscal year. Employee contributions for 1998 and 1997 were $563,122 and $509,814. The vacation pay and Senate matching contributions totaled $74,264 for the fiscal year ended June 30, 1998. The Senate made all required matching contributions.

NOTE D – COMPENSATED ABSENCES

Generally accepted governmental accounting principals specify that the liability for unpaid vacation and sick leave to which employees are entitled is to be reported in the General Long-Term Debt Account Group if it is not to be liquidated with expendable available financial resources. The Senate's liability is reported in the State's General Long-Term Debt Account Group, rather than in the Senate's financial statements which represents a part of the State's General Fund. The Senate recognizes expenses for compensated absences as they are paid.

The accrued liabilities at June 30 for vacation and sick leave which would be payable as severance pay are as follows:

	1998	1997
Vacation	$ 677,118	$ 660,494
Sick leave	715,105	667,596
	$1,392,223	$1,328,090

NOTE E – RECONCILIATION OF SENATE STATEMENTS TO DEPARTMENT OF FINANCE BUDGETARY REPORTS

The accompanying financial statements are prepared on a different basis of accounting than the budgetary reports of the State's Department of Finance. The Senate statements are presented on the modified accrual basis and the Department of Finance reports are presented on a cash basis, except that at year end encumbered amounts are included in expenditures. As a result, differences exist between expenditures reported in the Senate financial statements and expenditures reported by the Department of Finance. The following is a reconciliation of expenditures reported in the Senate statements to the expenditures included in the budgetary reports:

NOTE E – RECONCILIATION OF SENATE STATEMENTS TO DEPARTMENT OF FINANCE BUDGETARY REPORTS – Continued

	Department of Finance reports	Accrual basis adjustments	Senate financial statements
Appropriation carryforward to fiscal year 1997	$ 1,691,151	$ (53,178)	$ 1,637,973
Appropriation	16,163,000	-	16,163,000
Other receipts	48,406	-	48,406
Expenditures	(16,628,552)	(110,922)	(16,739,474)
Appropriation carryforward to fiscal year 1998	1,274,005	(164,100)	1,109,905
Appropriation	18,974,000	-	18,974,000
Other receipts	18,777	-	18,777
Expenditures	(17,669,561)	42,493	(17,627,068)
Appropriation carryforward:			
Reserved	1,155,709	-	1,155,709
Unreserved	1,441,512	(121,607)	1,319,905
	$ 2,597,221	$(121,607)	$ 2,475,614

Under Minnesota State Law 16A.281, an appropriation, if not spent during the first year, may be spent during the second year of a biennium. The unreserved appropriation carryforward at June 30, 1998 represents the remainder of the 1998 appropriation. An unexpended appropriation balance not carried forward and remaining unexpended and unencumbered at the end of the biennium shall be returned to the fund from which appropriated. Balances carried forward into the next biennium are to be credited to special accounts to be used for non-recurring expenditures on investments that enhance efficiency or improve effectiveness; to pay expenses associated with special session, interim activities, public hearings, or public outreach efforts and related activities; and to pay severance costs of involuntary terminations. The unexpended and unencumbered fund balances credited to the special accounts are as follows:

NOTE E – RECONCILIATION OF SENATE STATEMENTS TO DEPARTMENT OF FINANCE BUDGETARY REPORTS – Continued

	June 30,	
	1998	1997
Investment expenditures	$ 374,005	$ 374,005
Special session, interim activity, public hearings and public outreach costs	110,860	200,000
Severance costs	670,844	700,000
	$1,155,709	$1,274,005

SUPPLEMENTARY INFORMATION
(UNAUDITED)

Minnesota State Senate

YEAR 2000 ISSUE (UNAUDITED)

June 30, 1998

The Senate is currently addressing year 2000 issues relating to its computer systems and other electronic equipment. When applications were designed, the two digits that hold the century digits were not usually included in the date fields. The result of this oversight causes the computer to treat the year 2000 ("00") as being earlier than the year 1999 ("99"), or any other year in the 20th century. This can cause major problems with any business logic that deals with dates.

The Senate has completed the awareness and assessment stages for all of its internal mission-critical systems, mainly its financial and human resources systems. The Senate is currently in the remediation stage which includes making changes to systems and equipment.

In October 1998, the Senate entered into a contract, costing approximately $323,000, for the purchase and installation of financial and human resources software believed to be year 2000 compliant. Testing and validation of the software will need to be completed after installation.

The Senate is dependent on the State of Minnesota's computer systems to process vendor payments and allocate appropriations. The State's computer systems are not under the Senate's administrative control.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. The completion of the validation/testing of the remediation efforts is not a guarantee that systems and equipment will be year 2000 compliant. Management cannot assure that the Senate is or will be year 2000 compliant, that the Senate's remediation efforts will be successful in whole or in part, or that parties with whom the Senate does business will be year 2000 ready.

STATISTICAL INFORMATION
(UNAUDITED)

Minnesota State Senate

COMPARATIVE SCHEDULE OF BUDGETARY EXPENDITURES

For the years ended June 30,
(Unaudited)

Description	1998	1997	1996	1995
Salaries and Benefits:				
Salaries – senators	$ 2,017,477	$ 2,006,516	$ 2,016,930	$ 1,952,045
Salaries – staff	9,040,064	8,618,722	8,273,340	8,187,859
MSRS and FICA, and other benefits	1,191,358	1,126,847	1,096,965	1,076,739
Insurance – staff	743,193	666,090	655,863	665,970
Insurance – senators	264,376	253,219	261,645	262,027
Unemployment compensation	18,425	25,217	23,709	24,146
Workers compensation	9,599	8,330	12,473	13,842
	13,284,492	12,704,941	12,340,925	12,182,628
Services:				
Rents, leases, and maintenance (includes copy equipment)	21,159	501,302	161,746	129,434
Employment and publicity advertisement	35,021	28,510	19,042	19,205
Furniture and equipment repairs	38,129	39,050	30,091	23,988
Maintenance agreements	176,283	229,924	215,369	119,689
Printing	213,898	253,160	149,143	478,747
Micrographics	192	2,694	33	227
Legal fees and settlements	51,784	127,626	-	-
Consultant expense	99,885	35,358	98,032	100,941
EDP – ISB	23,043	18,873	13,936	14,949
EDP – software	9,869	61,865	26,923	53,622
EDP – development (includes equipment)	558,211	499,091	92,431	931,436
Janitorial	-	-	69,790	66,179
Dry cleaning/carpet cleaning	747	57	5,506	4,268
Interns	25,491	40,691	21,422	41,470
	1,253,712	1,838,201	903,464	1,984,155

Minnesota State Senate

COMPARATIVE SCHEDULE OF BUDGETARY EXPENDITURES – CONTINUED

For the years ended June 30,
(Unaudited)

Description	1998	1997	1996	1995
Subsistence:				
Postage	$ 139,388	$ 115,661	$ 131,627	$ 170,685
Telephones (including equipment)	672,470	305,915	244,963	219,578
Delivery service	3,581	3,921	7,790	5,762
Mailing service	9,825	11,493	3,575	16,800
Mileage	161,958	114,150	163,601	158,376
In-state travel/lodging	229,469	179,041	155,303	170,738
Per deim	421,912	531,912	343,819	504,162
Registration	70,430	51,670	54,929	47,646
State vehicle	1,177	626	826	336
Out-state travel	190,935	106,670	122,414	88,973
Tuitions/memberships/admissions	27,101	27,782	55,839	41,998
	1,928,246	1,448,841	1,284,686	1,425,054
Furniture, Supplies, Equipment and Capital Outlay:				
Video	474,318	31,160	198,963	67,120
Photographic	6,614	12,088	7,388	7,807
Furniture and equipment	171,011	287,548	57,930	149,532
Capital outlay	315,743	-	-	8,071
Office supplies/stationery	129,870	199,901	161,695	247,463
Newspaper and publications	49,517	46,525	45,016	43,726
Water and coolers	12,129	14,740	13,638	14,901
Cleaning supplies	1,777	2,505	8,887	11,908
Miscellaneous	42,132	42,102	46,631	43,695
	1,203,111	636,569	540,148	594,223
Equipment purchased under installment purchase contracts	-	-	-	535,967
	17,669,561	16,628,552	15,069,223	16,722,027
Accrual basis adjustments	(42,493)	110,922	53,178	(31,124)
	$17,627,068	$16,739,474	$15,122,401	$16,690,903

OTHER REQUIRED REPORTS

Accountants and
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Secretary of the Senate
Minnesota State Senate

We have audited the statements of status of appropriations and expenditures of the Minnesota State Senate (Senate) as of and for the year ended June 30, 1998, and have issued our report thereon December 8, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Senate's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 that are required to be reported under *Government Auditing Standards.*

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Senate's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the control over financial reporting, which we have reported to the management of the Senate in a separate letter dated December 8, 1998.

This report is intended solely for the information and use of management and the Minnesota State Senate and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

Minneapolis, Minnesota
December 8, 1998

Accountants and
Management Consultants
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March 29, 1999

Secretary of the Senate
Minnesota State Senate

Ladies and Gentlemen:

Professional standards require that we advise you of the following matters relating to our recently concluded audit on which we reported under date of December 8, 1998.

Our Responsibility Under Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated October 26, 1998, our responsibility, as prescribed by generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States, is to plan and perform our audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement, whether caused by error or fraud. An audit in accordance with generally accepted auditing standards and *Government Auditing Standards* does not provide absolute assurance or guarantee the accuracy of the financial statements and is subject to the inherent risk that errors, fraud, or noncompliance with the provisions of laws, regulations, contracts and grants, if existing, have not been detected. Such standards require that we obtain a sufficient understanding of Minnesota State Senate's internal control structure to plan the audit. However, such understanding and any tests performed with respect to such internal controls, or as to compliance with laws, regulations, contracts and grants, were for the purpose of expressing our opinion on Minnesota State Senate's financial statements and not to opine or provide any assurance concerning such internal control structure or compliance. We could, however, as a separate engagement, be engaged to perform agreed-upon procedures or examine and report on management's written assertion about that internal control structure or that management complied with specified laws and regulations. Such engagements would be conducted in accordance with AICPA standards for attestation engagements.

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Initial Selection of Significant Accounting Policies

The Senate has implemented GASB Technical Bulletins No. 98-1 and 99-1 related to disclosures about Year 2000 issues. These bulletins require supplementary information disclosures about the Year 2000 issue as it relates to the Senate, including a description of the stages of work in progress or completed to make computer systems and other electronic equipment critical to conducting operations Year 2000 compliant. Such information is unaudited.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The definition includes adjustments which were not recorded by the Senate because they are not material to the current financial statements but might be potentially material to future financial statements. As part of our audit procedures, we made adjustments to the Senate's budgetary-based records for purposes of presenting statements in accordance with generally accepted accounting principles for governmental entities. These adjustments are summarized in note E to the financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter which could be significant to the Senate's financial statements or the audit report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation With Other Accountants

Management has informed us that they have not consulted with other accountants during the year about auditing and accounting matters.

* * * * * *

We will be pleased to meet with you at your convenience should you desire further information concerning these matters.

This letter is intended solely for the information and use of management and the Minnesota State Senate and is not intended to be and should not be used by any one other than these specified parties.

Very truly yours,

Grant Thornton LLP

MEMORANDUM OF ADVISORY COMMENTS

CONTENTS

Accountants and
Management Consultants
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Secretary of the Senate
Minnesota State Senate

In connection with our audit of the financial statements of the Minnesota State Senate as of June 30, 1998, we noted certain matters that we believe you should consider. Our observations were formed as a by-product of our audit procedures, which did not include a comprehensive review for the purpose of submitting detailed recommendations.

The accompanying comments summarize our comments and suggestions. We have previously discussed our comments and suggestions with management personnel of the Senate and would be pleased to discuss them further.

Grant Thornton LLP

Minneapolis, Minnesota
December 8, 1998

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CURRENT YEAR COMMENTS

TIMELINESS OF VENDOR PAYMENTS

We noted two instances of invoices which were not approved and submitted to fiscal services for payment until three months after the invoice date. One of these invoices was a telephone bill which we understand was not submitted for payment until all Senators had approved their individual billings. The other late payment noted was for Xerox invoices which, we were informed, are normally submitted for payment three months at a time. We recommend the Senate review its procedures for assuring timely payment of its obligations. Heightened awareness of the need for timely payments is particularly important at year end to ensure that all costs incurred during the fiscal year are recorded appropriately.

STATUS OF PRIOR YEAR COMMENTS

YEAR 2000

In prior years we recommended the Senate assess the impact of the "Year 2000" on its fiscal services systems. Management's assessment of the status of this issue is disclosed as supplementary information to the 1998 financial statements.

PURCHASING DOCUMENTATION

In the prior year, the Senate was unable to locate documentation of the authorization required for a major purchase. We did not note any such documentation problems in the current year.