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LEGISLATIVE AUDITOR

**LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA**

FINANCIAL REPORT

June 30, 1995

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JAN 08 1997

Provost, Salter, Harper & Alford, L.L.C.

Certified Public Accountants

Business Advisors

8550 United Plaza Boulevard, Suite 600

Baton Rouge, Louisiana 70809

Phone: (504) 924-1772 / Facsimile: (504) 927-9075



Louisiana Legislature

RANDY L. EWING
President of the Senate

H. B. "HUNT" DOWNER, JR.
Speaker of the House of
Representatives

December 30, 1996

Mr. Ken Alford, C.P.A.
Provost, Salter, Harper, & Alford, L.L.C.
Certified Public Accounts
8550 United Plaza Blvd.
Suite 600
Baton Rouge, LA 70809

Re: Legislative Budgetary Control Council
1994 & 1995 Audits

Dear Mr. Alford:

The Legislative Budgetary Control Council (LBCC) acknowledges that the audit reports for fiscal years ending June 30, 1994 and June 30, 1995 were not released in a timely manner. These reports were delayed because the previous co-chairman were undecided as to what basis of accounting (cash or accrual) to use in auditing the financial statements for the LBCC.

The current management of the LBCC has every intention of having all audit reports completed and released within the six months allowed following the close of the fiscal year.

Sincerely,

A handwritten signature in cursive script that reads "Bill Curry".

Bill Curry
Senate Comptroller

CONTENTS

	Statement	Page
INDEPENDENT AUDITOR'S REPORT		1
FINANCIAL STATEMENTS		
Combined Balance Sheet - Fund Type and Account Group	A	2
Statement of Revenues, Expenditures, and Changes In Fund Balance - Governmental Fund Type - General Fund	B	3
Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Budget (Legal Basis) and Actual - General Fund	C	4
Notes to Financial Statements		5
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		12
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS		14
Schedule of Compliance Findings		15

INDEPENDENT AUDITOR'S REPORT

Honorable Randy Ewing, Co-Chair
Honorable Huntington B. Downer, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Budgetary Control Council, State of Louisiana as of and for the year ended June 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Legislative Budgetary Control Council, State of Louisiana, are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of Louisiana.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Legislative Budgetary Control Council, State of Louisiana, as of June 30, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 27, 1996 on our consideration of the Legislative Budgetary Control Council, State of Louisiana's internal control structure and a report dated August 27, 1996 on its compliance with laws and regulations.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.
August 27, 1996

**LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA**

**COMBINED BALANCE SHEET - FUND TYPE AND ACCOUNT GROUP
JUNE 30, 1995**

	<u>Governmental Fund Type General</u>	<u>Account Group General Long-Term Obligation</u>	<u>Totals (Memorandum Only)</u>
ASSETS AND OTHER DEBIT			
Cash in bank	\$ 346,333	\$ -	\$ 346,333
Unwarranted appropriations	4,548,124	-	4,548,124
Other debit - amount to be provided for compensated absences	-	14,942	14,942
Total assets and other debit	<u>\$ 4,894,457</u>	<u>\$ 14,942</u>	<u>\$ 4,909,399</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 335,815	\$ -	\$ 335,815
Accrued salaries and related benefits	1,706	-	1,706
Due to other legislative agencies	68,110	-	68,110
Compensated absences	-	14,942	14,942
Total liabilities	<u>405,631</u>	<u>14,942</u>	<u>420,573</u>
FUND EQUITY			
Fund balance:			
Unreserved - undesignated	<u>4,488,826</u>	-	<u>4,488,826</u>
Total fund equity	<u>4,488,826</u>	-	<u>4,488,826</u>
Total liabilities and fund equity	<u>\$ 4,894,457</u>	<u>\$ 14,942</u>	<u>\$ 4,909,399</u>

**LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA**

**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE
GENERAL FUND**

For the Year Ended June 30, 1995

REVENUES

State appropriations	\$ 5,681,078
Interest	4,732
Other	<u>104,200</u>
Total revenues	<u>5,790,010</u>

EXPENDITURES

Personal services	61,607
Travel	126,387
Operating services	572,032
Supplies	93,390
Professional services	3,168,995
Capital outlay	<u>423,211</u>
Total expenditures	<u>4,445,622</u>

Excess of revenues over expenditures	<u>1,344,388</u>
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OTHER FINANCING USES

Interagency transfers out	<u>(362,893)</u>
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Excess of revenues over expenditures and other financing uses	<u>981,495</u>
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Fund balance, beginning	<u>3,507,331</u>
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Fund balance, ending	<u><u>\$ 4,488,826</u></u>
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**LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES AND CHANGES IN
FUND BALANCE BUDGET (LEGAL BASIS) AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 1995**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
State appropriations	\$ 5,681,078	\$ 5,681,078	\$ -
Interest	-	4,732	4,732
Other	-	104,200	104,200
Reappropriated fund balance (1)	<u>3,374,968</u>	<u>3,374,968</u>	<u>-</u>
Total revenues	<u>9,056,046</u>	<u>9,164,978</u>	<u>108,932</u>
EXPENDITURES AND ENCUMBRANCES			
Personal services	65,000	61,372	3,628
Travel	-	126,387	(126,387)
Operating services	721,578	572,032	149,546
Supplies	4,500	93,390	(88,889)
Professional services	2,955,000	3,168,995	(213,995)
Capital outlay	<u>1,935,000</u>	<u>289,048</u>	<u>1,645,952</u>
Total expenditures and encumbrances	<u>5,681,078</u>	<u>4,311,224</u>	<u>1,369,855</u>
Excess of revenues over expenditures and encumbrances	3,374,968	4,853,754	1,478,786
OTHER FINANCING USES			
Interagency transfers out	-	<u>(362,893)</u>	<u>(362,893)</u>
Excess of revenues over expenditures, encumbrances and other financing uses	3,374,968	4,490,861	1,115,893
Fund balance, beginning (non-GAAP basis)	3,374,968	3,374,968	-
Less reappropriated fund balance (1)	<u>(3,374,968)</u>	<u>(3,374,968)</u>	<u>-</u>
Fund balance, ending (non-GAAP basis)	<u>\$ 3,374,968</u>	4,490,861	<u>\$ 1,115,893</u>
Adjustments to generally accepted accounting principles:			
Accrued payroll not budgeted in current year		<u>(2,035)</u>	
Fund balance, ending (GAAP basis), Statement A		<u>\$ 4,488,826</u>	

(1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. This amount is not revenue of the current period, but is presented as revenue only for budgetary reporting purposes. Beginning budgetary fund balances have been reduced by the carryover to reflect the budgetary ending fund balance projected.

**LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Legislative Budgetary Control Council, State of Louisiana, created by Title 24, Section 38 of the Louisiana Revised Statutes, was created to establish implement and maintain rules and regulations designed to control the budget and spending procedures within the Legislative branch of government, approves budget requests for all Legislative budget units and funds joint projects for the legislature such as the joint computer operations, upkeep and renovations of the Capitol complex and funding national legislative organizations.

The Council is composed of 10 members and one employee.

Governmental accounting principles and practices are promulgated and established by the Governmental Accounting Standards Board (GASB). The GASB has issued a *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 governments. The accompanying financial statements have been prepared in accordance with such pronouncements.

The following is a summary of the more significant accounting policies:

A. Financial Reporting Entity

Application of Section 2100 of the GASB Codification defines the governmental reporting entity (in relation to the Legislative Budgetary Control Council) to be the State of Louisiana. The accompanying financial statements of the Legislative Budgetary Control Council contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues financial statements, which include the activity contained in the accompanying financial statements.

B. Fund Accounting

The Legislative Budgetary Control Council uses fund accounting (separate sets of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on these funds by the Louisiana Legislature. The fund and account group presented in the accompanying financial statements, and as described below, comprise the general fund and account group of the Legislative Budgetary Control Council:

NOTES TO FINANCIAL STATEMENTS

Governmental Fund Type

General Fund

The General Fund is used to account for all of the Legislative Budgetary Control Council's general activities, including the servicing of general long-term debt. It is used to account for all activities of the Council.

Account Group

The account group is a reporting device designed to provide accountability for certain long-term assets and liabilities that are not recorded in the funds because they do not directly affect net expendable, available financial resources.

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.

Revenues

The governmental fund is accounted for using the modified accrual basis of accounting. The revenues are recognized when they become measurable and available. The revenues susceptible to accrual are state appropriations and interest revenue.

The unwarranted appropriation and appropriation authorized and collected during the year are summarized as follows:

	Total Appropriation Authorized	Unwarranted Appropriation as of <u>June 30, 1994</u>	Appropriation Authorized for the year ended <u>June 30, 1995</u>	Funds Collected in the year ended <u>June 30, 1995</u>	Unwarranted Appropriation as of <u>June 30, 1995</u>
Act 744, 1985 R.S.	\$ 4,640,000	\$ 558,821	\$ -	\$ -	\$ 558,821
Act 352, 1993 R.S.	3,548,443	3,030,134	-	3,030,134	-
Act 41, 1994 R.S.	5,681,078	<u>-</u>	<u>5,681,078</u>	<u>1,691,775</u>	<u>3,989,303</u>
		<u>\$ 3,588,955</u>	<u>\$ 5,681,078</u>	<u>\$ 4,721,909</u>	<u>\$ 4,548,124</u>

NOTES TO FINANCIAL STATEMENTS

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Statement C is not intended to reflect operations of the Legislative Budgetary Control Council, State of Louisiana in accordance with generally accepted accounting principles in that:

- (1) re-appropriated funds from prior years are recognized as revenues in the current year;
- (2) salaries and related benefits are recognized when paid unless specific authorization is provided in the annual legislative appropriation; and
- (3) encumbrances are recorded as an expenditure when purchase orders are issued.

The statement is intended to compare the annual budget, which is not prepared in accordance with generally accepted accounting principles with comparable expenditures and encumbrances for the period.

D. Budgetary Practices

The Legislative Budgetary Control Council is required to submit to the members of the Council an estimate of the financial requirements for the ensuing fiscal year. The General Fund appropriation is enacted into law by the Legislature and sent to the Governor for his signature. The Legislative Budgetary Control Council is authorized to transfer budget amounts between accounts in the General Fund. Revisions which alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end, and require that any amounts not expended or encumbered at the close of the fiscal year be returned to the State General Fund, unless otherwise reappropriated by subsequent legislative action. Current appropriation legislation authorizes such reappropriation of prior year funds.

The budget for the General fund is prepared on the budgetary (legal) basis of accounting. In compliance with budgetary authorization, the Legislative Budgetary Control Council includes the prior year's fund balance represented by appropriated liquid assets remaining in the fund as a budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

E. Encumbrances

Encumbrances are recorded when purchase orders contracts, and other commitments for expenditure of moneys are recorded but are not considered expenditures until liabilities for payments are incurred. Encumbrances are reported as a reservation of fund balance

NOTES TO FINANCIAL STATEMENTS

on the balance sheet. Encumbrances do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated. Encumbrances are an allowable charge against the current year appropriation.

F. Leave Benefits

Accumulated unpaid annual, sick and compensatory leave are reported in the General Long-Term Obligation Account Group within the accompanying financial statements. The Legislative Budgetary Control Council, State of Louisiana's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the Legislative Budgetary Control Council's personnel practices. Upon designation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1995, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, total \$14,942.

The following are the changes in compensated absences (general long-term obligations) during the year:

<u>Balance</u> <u>July 1, 1994</u>	<u>Net</u> <u>Change</u>	<u>Balance</u> <u>June 30, 1995</u>
\$ 11,256	\$ 3,686	\$ 14,942

G. Total Column on Balance Sheet

The total column on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in this column do not present financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2. CASH IN BANK

Under State law, the Legislative Budgetary Control Council may deposit funds in an approved bank located in the State selected and designated by the presiding co-chairman of the Council. These public deposits must be secured by federal deposit insurance or the

NOTES TO FINANCIAL STATEMENTS

pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

At June 30, 1995, the carrying amount of the Legislative Budgetary Control Council's cash account was \$346,333 and the bank balance was \$719,200. All cash was covered by federal depository insurance or pledged collateral held in the name of the pledging fiscal agent bank (category 3) in a holding or custodial bank.

NOTE 3. RETIREMENT SYSTEM

All employees of the Council participate in the Louisiana State Employees' Retirement System ("LASERS"), a single-employer public employee retirement system (PERS). The payroll for employees covered by the System for the year ended June 30, 1995, was \$51,803; the Council's total payroll was \$51,803.

Generally, all full-time employees are eligible to participate in the LASERS. Employees may retire with full benefits at ages ranging from any age upon completing 30 years of creditable service to age 60 upon completing 10 years of creditable service. The basic annual retirement benefit for substantially all members is equal to 2½% of average compensation times the number of years of creditable service plus \$300. Participants who became members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. Average compensation is defined as the member's average annual earned compensation for the period of 36 consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lessor of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the members age at retirement. Benefits fully vest on reaching 10 years of service. LASERS also provides death and disability benefits. Benefits are established by State statute.

Members covered under LASERS are required by State statute to contribute 7.5% of their salaries to the plan. The Council is required by the same statute to contribute 11.9% of covered salaries. The contribution requirement for the year ended June 30, 1995, was \$10,050, which consisted of \$6,165 from the Council and \$3,885 from employees.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess LASERS funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among

NOTES TO FINANCIAL STATEMENTS

PERS and employers. LASERS does not make separate measurements of assets and pension benefit obligations for individual departments within the State of Louisiana. The pension benefit obligation at June 30, 1995, for LASERS as a whole, determined through an actuarial valuation performed as of that date, was \$5,696.9 million. LASERS' net assets available for benefits on that date were \$3,589.5 million, leaving an unfunded pension benefit obligation of \$2,107.4 million. The Council's 1995 contribution represented less than 1% of total contributions required of all participating entities.

Ten-year historical trend information showing LASERS progress in accumulating sufficient assets to pay benefits when due is presented in LASERS June 30, 1995, component unit financial reports. Benefits granted by LASERS are guaranteed by the State of Louisiana under the 1974 Louisiana Constitution.

NOTE 4. DEFERRED COMPENSATION PLAN

The State of Louisiana offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the State's legal counsel that the State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 5. LITIGATION, CLAIMS, AND SIMILAR CONTINGENCIES

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.

NOTES TO FINANCIAL STATEMENTS

At June 30, 1995, the Council was involved in various lawsuits relating to its function as the Legislative Budgetary Control Council. In the opinion of legal counsel, resolution of the litigation would not result in substantial liability to the Legislative Budgetary Control Council and, accordingly, is not recorded in the accompanying financial statements.

NOTE 6. PROFESSIONAL SERVICES

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

Public Systems Associates (computer services)	\$ 2,328,430
Charles E. Schwing & Associates (architectural)	127,883
Unglesby & Koch (legal services)	6,935
H. J. Lowe & Company, L.L.C. (accounting and auditing)	12,986
H. L. Henslee, Jr. (architectural)	2,888
Wiss Tanney, Estner Associates (architectural)	4,010
N. B. Traylor & Associates (security system)	428
Charles William Roberts (legal services)	2,434
Peat Marwick (SECURE)	600,000
Milliam & Robertson (SECURE personnel benefits study)	75,000
LeBlanc & Assaf (engineering)	<u>8,001</u>
	<u>\$ 3,168,995</u>

NOTE 7. INTERAGENCY TRANSFERS OUT

Amounts paid to other governmental units for the year ended June 30, 1995, consist of the following:

	<u>Capital Outlay</u>	<u>Personal Service</u>	<u>Total</u>
House of Representatives	\$ 41,570	\$ 116,464	\$ 158,034
Senate	<u>68,641</u>	<u>136,218</u>	<u>204,859</u>
	<u>\$ 110,211</u>	<u>\$ 252,682</u>	<u>\$ 362,893</u>

NOTE 8. OTHER COSTS

The State of Louisiana, through other appropriations, provides office space, utilities, and janitorial services for the operations in the State Capitol, all of which are not included in the accompanying financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Randy Ewing, Co-Chair
Honorable Huntington B. Downer, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated August 27, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

The management of the Legislative Budgetary Control Council, State of Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Legislative Budgetary Control Council, State of Louisiana, for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our

opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the *internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities 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 structure and its operation that we consider to be a material weakness as defined above.

This report is intended for the information of the Council's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 27, 1996



Certified
Public
Accountants

Business
Advisors

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Randy Ewing, Co-Chair
Honorable Huntington B. Downer, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated August 27, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws, regulations, contracts and grants applicable to the Legislative Budgetary Control Council, State of Louisiana, is the responsibility of the Council's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance disclosed the material instance of noncompliance which is described in the accompanying schedule of compliance findings.

This report is intended for the information of the Council's management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.

August 27, 1996

LEGISLATIVE BUDGETARY CONTROL COUNCIL

SCHEDULE OF COMPLIANCE FINDINGS For the Year Ended June 30, 1995

Finding

Condition

The audit report was not completed within six months of the close of the fiscal year.

Criteria

State law requires that audits be completed within six months of the close of the entity's fiscal year.

Cause

Management was unable to reach a consensus as to which basis of accounting the financial statements were to be presented.

Effect

The effect was to cause the audit to be delayed beyond the six months of the close of the fiscal year.

Recommendation

The entity should make every effort to monitor the progress of the audit to insure the timely completion of the engagement.

Auditee Response

The Legislative Budgetary Control Council acknowledges that the audit for the fiscal year ending June 30, 1995 was not released in a timely manner. Management will make every effort to comply with the six month time frame for completing and releasing all future audits of the financial statements for the Council.

Prior Year Finding

The finding reported in the prior year reoccurred in the current year audit and is reported as a finding as described above.