

statements being audited may occur and not be detected with 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 material weaknesses as defined above.

This report is intended for the information of the Commissioners, management, the U. S. Department of Transportation, the U. S. Department of Commerce, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Hendon, Inc.

December 23, 1996

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CAPITAL REGION PLANNING COMMISSION,
A COMPONENT UNIT OF THE CITY
OF BATON ROUGE/PARISH OF EAST BATON ROUGE
COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 1996
=====

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 7/26/97

HENDER, INC.
=====
A PROFESSIONAL ACCOUNTING
CORPORATION

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INDEPENDENT AUDITORS' REPORT

The Commissioners of the
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, as of and for the year ended June 30, 1996. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether general purpose unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Capital Region Planning Commission, Louisiana, as of June 30, 1996, and the results of its operations and changes in fund balances for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary schedule of indirect cost allocation plan is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Hender Inc.", written in black ink.

December 23, 1996

BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

AS OF JUNE 30, 1996

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Total
	General	Special Revenue	Agency	General Fixed Assets	Memorandum Only
ASSETS					
Cash	\$139,458	\$0	\$0	\$0	\$139,458
Investments	224,965	0	499,915	0	724,880
Receivables:					
Grant funds	0	141,777	0	0	141,777
Accrued interest	3,234	0	0	0	3,234
Due from special revenue funds	126,265	0	0	0	126,265
Fixed assets	0	0	0	204,005	204,005
Other	994	0	0	0	994
TOTAL ASSETS AND OTHER DEBITS	\$494,916	\$141,777	\$499,915	\$204,005	\$1,340,613
LIABILITIES, FUND EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$55,312	\$0	\$0	\$0	\$55,312
Due to general fund	0	126,265	0	0	126,265
Deferred Revenue		14,888	0	0	14,888
Due to grantor	0	624	0	0	624
Deferred compensation due to employees	0	0	499,915	0	499,915
Other	0	0	0	0	0
Compensated absences payable	39,826	0	0	0	39,826
TOTAL LIABILITIES	95,138	141,777	499,915	0	736,830
FUND EQUITY:					
Investment in general fixed assets	0	0	0	204,005	204,005
Fund balances	399,778	0	0	0	399,778
TOTAL FUND EQUITY	399,778	0	0	204,005	603,783
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$494,916	\$141,777	\$499,915	\$204,005	\$1,340,613

The accompanying notes to financial statements form an integral part of this statement.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL - ALL GOVERNMENTAL FUND TYPES

=====

FOR THE YEAR ENDED JUNE 30, 1996

	General Fund	Special Revenue Funds	Combined Actual Total Memorandum Only	Budget	Variance Favorable (Unfavorable)
Revenues:					
Local member assessments	\$77,409	\$0	\$77,409	\$83,933	(\$6,524)
Grant funds earned	0	663,069	663,069	1,024,900	(361,831)
Miscellaneous & Interest income	16,358	0	16,358	9,000	7,358
In-kind contributions	36,900	0	36,900	36,900	0
Outside agency local match	12,643	0	12,643	37,960	(25,317)
TOTAL REVENUES	143,310	663,069	806,379	1,192,693	(386,314)
Expenditures:					
Personnel	\$100,617	\$343,266	443,883	\$488,170	(\$44,287)
Consulting and contractual		138,075	138,075	378,000	(239,925)
In-kind rent	36,900		36,900	36,900	0
Insurance	50,553	7,692	58,245	63,000	(4,755)
Legal and accounting	1,200		1,200	11,500	(10,300)
Telephone	6,288		6,288	7,000	(712)
Travel		6,272	6,272	9,400	(3,128)
Office supplies and postage	6,919	1,324	8,243	13,000	(4,757)
Purchases of equipment	43,060		43,060	43,000	60
Payroll Taxes	4,458		4,458	5,000	(542)
Other	24,943	19,420	44,363	115,200	(70,837)
TOTAL EXPENDITURES	274,938	516,049	790,987	1,170,170	(379,183)
Indirect Cost Allocations	(254,926)	254,926	0		0
TOTAL EXPENDITURES, NET OF/INCLUDING INDIRECT COST ALLOCATIONS	20,012	770,975	790,987	1,170,170	(379,183)
Excess (Deficiency) of Revenues over Expenditures	123,298	(107,906)	15,392	22,523	(7,131)
Other Financing Sources (Uses):					
Operating transfers in		107,906			0
Operating transfers (out)	(107,906)				0
Proceeds from sale of fixed assets	1,575				0
TOTAL OTHER FINANCING SOURCES (USES)	(106,331)	107,906	1,575	0	1,575
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	16,967	0	16,967	22,523	(5,556)
Fund Balances, June 30, 1995	382,811		382,811	382,811	0
Fund Balances, June 30, 1996	\$399,778	\$0	\$399,778	\$405,334	(\$5,556)

The accompanying notes to financial statements form an integral part of this statement.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

=====

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The accounting and reporting policies of Capital Region Planning Commission, Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, conform to generally accepted accounting principles as applicable to governments.

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

FINANCIAL REPORTING ENTITY

This report includes all funds and account groups that are within the oversight responsibility of the Commission or Board of Commissioners. Control by or dependence on the Commission was determined on the basis of budget adoption and other general oversight responsibility. The Commission is a component unit of the City of Baton Rouge\Parish of East Baton Rouge. The Commission does not act as an oversight unit for any component units.

FUND ACCOUNTING

The accounts of the Capital Region Planning Commission, Louisiana, are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report as follows:

GOVERNMENTAL FUND TYPES

GENERAL FUND

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND ACCOUNTING (Continued)

SPECIAL REVENUE FUNDS (Continued)

FIDUCIARY FUND TYPE - AGENCY FUND

The agency fund is used to account for assets held by the Commission in a custodial capacity (assets equal liabilities), and does not involve measurement of results of operations. Specifically, this fund accounts for assets held by the Commission which are due to employees under the Commission's deferred compensation plan.

ACCOUNT GROUP - GENERAL FIXED ASSETS

The account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations.

The General Fixed Assets Account Group is used to account for Fixed Assets used in governmental fund type operations, rather than in the governmental fund types.

BASIS OF ACCOUNTING

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets.

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

BUDGET AND BUDGETARY ACCOUNTING

The Commission budget, prepared in accordance with generally accepted accounting principles, is proposed by the executive director on an organization-wide basis, and formally approved and adopted by the Board of Commissioners. The budget may be amended during the year at the Commissioners' discretion. These appropriations lapse at year-end and any unexpended appropriations are rebudgeted in the subsequent year. Accordingly, encumbrances are not provided for in the general purpose financial statements.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

=====

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GENERAL FIXED ASSETS

All fixed assets acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and capitalized in the General Fixed Asset Account Group at historical cost. Donated fixed assets are reported at estimated fair market value on the date received.

No depreciation is provided on general fixed assets except for the computation of indirect cost allocations.

ACCRUED COMPENSATION FOR FUTURE ABSENCES

The Commission's full-time employees who work year-round are granted vacation in varying amounts up to a maximum of 21 days per year. The cumulative amount of annual leave which can be carried forward is the amount earned over the last two years of employment. The Commission's policy specifically prohibits the payment of any accumulated sick leave at separation and consequently no sick leave is accrued. Based on the compensated absences reductions over the past few years, the entire balance is considered current which is reflected as a liability of the general fund.

INDIRECT COST ALLOCATIONS

Allocable indirect costs are initially charged to the General Fund during the year. The Commission uses the prior year rate in estimating indirect costs to be charged to the special revenue funds during the year for billing purposes. At the end of each year the actual indirect cost rate and charges to the special revenue funds are computed and appropriate adjustments are made. Allocable indirect costs exclude equipment purchases but provide for depreciation of general fixed assets computed over estimated useful lives of three to ten years. The indirect costs are then allocated to the special revenue funds based on direct salaries.

TOTAL COLUMNS ON STATEMENTS - OVERVIEW

Total columns on the statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - CASH, AND INVESTMENTS

At June 30, 1996, the Commission had six certificates of deposit bearing interest at 5.15% to 6.35% per year. The certificates were maintained at two separate financial institutions and balances were fully insured against loss. Certificates of deposit totalling \$102,965 mature in the Commission's next fiscal year while \$65,000 and \$25,000 and \$32,000 mature during the year ending June 30, 1998 and 1999 and 2000 respectively. These certificates of deposit are reported as investments not as cash or cash equivalents since the original maturity date is in excess of three months. It is the Commission's policy to reflect investments with original maturity dates of three months or less as cash equivalents, and those with original maturity dates in excess of three months as investments. The Commission maintains three checking accounts, one savings account, and one money market account with balances per institutions totalling \$172,255 which were also fully insured against loss. Consequently, all cash is fully insured and is category 1 per GASB Statement 3 criteria.

NOTE 3 - GRANT FUNDS RECEIVABLE

Capital Region Planning Commission, Louisiana, has contracted with various federal, state, and local agencies to be reimbursed a specific percentage of the qualified costs incurred on approved projects. All receivables are expected to be collected within the next twelve months.

NOTE 4 - DUE FROM SPECIAL REVENUE FUNDS/DUE TO GENERAL FUND

The General Fund provides funds to the special revenue funds to eliminate operating deficits after the allocation of indirect costs. As a result, if any grant funds earned at the end of the year have not been collected, grant funds receivable are recorded in the accounts of the special revenue funds.

NOTE 5 - DEFERRED COMPENSATION PLAN

The Commission offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees meeting specific length of service criteria, permits them to defer a portion of their salary, for federal income tax purposes, until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The Commission funds the plan by making contributions to a plan administrator, on a monthly basis, at rates ranging from 7.5% to 12.5% of the employees' compensation. The contribution rate for employees is based on their employment longevity.

The plan administrator offers a variety of investment alternatives directly to the participant. Commission employees have all selected a fund which consists of investments in insurance companies a.) rated Aa or above as to claims paying ability by Moody's rating service, b.) similarly rated by other major rating services, or c.) approved by the plan administrator's internal credit analysis function where no rating service is available. No more than 35% of the portfolio

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - DEFERRED COMPENSATION PLAN (CONTINUED)

is invested with any single insurance company. The rates of return since the fund's inception in 1984 range from 6.80 to 11.75% per annum.

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 Commission (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Commission's general creditors. Participants' rights under the plan are equal to those of general creditors of the Commission in an amount equal to the fair market value of the deferred account for each participant.

Commission management believes that it is unlikely that it will use the assets to satisfy claims of general creditors in the future. Plan assets and the related liability to employees are reported in the agency fund at market value.

NOTE 6 - GENERAL FIXED ASSETS

Depreciation is not provided for in the financial statements, however, depreciation is used in computing the indirect cost allocation rate. Estimated useful lives of fixed assets are 3 - 10 years, based on the type of equipment. General fixed assets and their related changes for the year ended June 30, 1995 are as follows:

	<u>Furniture and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
General fixed assets, June 30, 1995	\$155,857	\$48,641	\$204,498
Additions	43,060	-	43,060
Retirements	<u>32,795</u>	<u>-</u>	<u>43,553</u>
General fixed assets, June 30, 1996	\$166,122 =====	\$37,883 =====	\$204,005 =====

NOTE 7 - FEDERAL FINANCIAL ASSISTANCE

The Commission participates in a number of federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. As of December 23, 1995 there were no questioned or disallowed costs as a result of governmental grant audits.

SUPPLEMENTARY SCHEDULE OF
INDIRECT COST ALLOCATION PLAN
=====

Direct Salaries:

DEQ-SOLID WASTE	\$6,839
PL 736-17-0308	130,898
FTA LA-80-X004	21,837
FTA LA-90-X114	184
FTA LA-90-X153	1,387
FTA LA-90-X139	1,229
FTA LA-90-X128	266
FTA LA-90-X176	5,892
FTA LA-90-X165	23,909
EDA 08-05-11036-95	33,690
West Feleciana	118
Ridesharing 737-96-0004	36,773
Less: Defered Comp.	(41,800)

TOTAL DIRECT SALARIES 221,222

Payroll Benefit Cost:

Pay Add	68,375
Insurance	50,553

TOTAL PAYROLL BENEFIT COST 118,928

Indirect Cost Allocation Computation:

Overhead rate	1.1235
Payroll rate	0.5376

INDIRECT COST RATE 1.6611

Overhead Rate Computation:

Adjusted overhead costs	248,537	=	<u>1.1235</u>
Total direct salaries	221,222		

Payroll Benifit Rate Computation:

Total payroll benefit costs	118,928	=	<u>0.5376</u>
Total direct salaries	221,222		

SUPPLEMENTARY SINGLE AUDIT REPORTS
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The CPA Association of Louisiana

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, Louisiana as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 1996. These general purpose financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular (OMB) A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Commission taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Hender, Inc.

December 23, 1996

CAPITAL REGION PLANNING COMMISSION, LOUISIANA

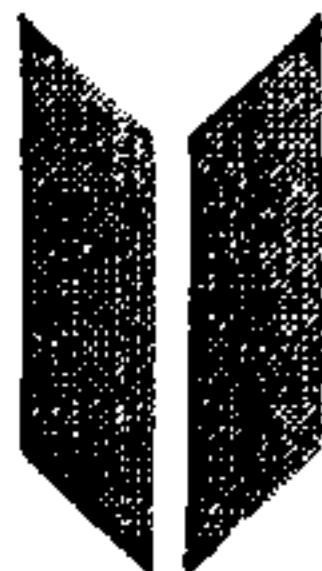
SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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FOR THE YEAR ENDED JUNE 30, 1996

<u>Federal Grantor/Pass-Through Agency/Program Identification</u>	<u>CFDA Number</u>	<u>Fed. Share of Program Expenditures</u>	<u>Total Program Expenditures</u>
U. S. DEPARTMENT OF TRANSPORTATION			
Passed through Louisiana Department of Transportation and Development:			
Technical Studies Grant: LA-80-X004	20-505	\$40,500	\$59,138
Highway Research, Planning and Construction:			
State Project No.		346400	
LA-736-17-0308	20-205	381,561	476,951
LA-737-96-0004	20-205	105,073	105,073
Passed through City of Baton Rouge/ Parish of East Baton Rouge:			
Federal Transit Administration Technical Studies Grants:			
FTA LA-90-X114	20-507	254	489
FTA LA-90-X153	20-507	2,306	3,721
FTA LA-90-X139	20-507	22,832	28,540
FTA LA-90-X128	20-507	465	707
FTA LA-90-X176	20-507	12,578	15,722
FTA LA-90-X165	20-507	52,128	65,161
Subtotal, U. S. Department of Transportation		90,563	114,340
U. S. DEPARTMENT OF COMMERCE			
Economic Development Administration Area Planning Assistance Program Award No. 08-05-11036.95			
Subtotal, U. S. Department of Commerce	11.302	58,000	91,470
ADDITIONAL PROGRAMS			
DED - Ent. Zones		12175	12175
DEQ - Waste Mgmt.		16665	18454
Total Expenditures		704537	877601

See accompanying auditor's report on supplementary schedule.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED
ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge Parish, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 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 general purpose financial statements are free of material misstatement.

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

This report is intended for the information of the Commissioners, management, the U. S. Department of Transportation, the U. S. Department of Commerce, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Handwritten signature

December 23, 1996



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 1996.

We have applied procedures to test the Commission's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

General Requirements:

- * Political activity
- * Civil rights
- * Cash management
- * Allowable costs/cost principles
- * Drug-free workplace
- * Administrative requirements
- * Federal Financial Reports

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Commissioners, management, the U. S. Department of Transportation, the U. S. Department of Commerce, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

December 23, 1996



HENDER, INC.

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The CPA Board of Accountancy of the State of Louisiana

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

=====

The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 1996.

In connection with our audit of the general purpose financial statements of the Commission, and with our consideration of the Commission's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular (OMB) A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; matching; reporting; cost allocation that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Commission's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Commissioners, management, the U. S. Department of Transportation, the U. S. Department of Commerce, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

December 23, 1996



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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 1996. We have also audited the compliance of the Commission, with requirements applicable to its major federal financial assistance program and have issued our report thereon dated December 23, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Commission complied with laws and regulations, noncompliance with which would be material to its major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, we considered the internal control structure of the Commission, in order to determine our auditing procedures for the purpose of expressing our opinions on the Commission's general purpose financial statements, and on the compliance of the Commission with requirements applicable to its major program and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated December 23, 1996.

The management of the Commission 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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Controls used in Administering Federal Programs

General Requirements:

- * Political activity
- * Civil rights
- * Cash management
- * Federal financial reports
- * Allowable costs/cost principles
- * Drug-free workplace
- * Administrative requirements

Specific Requirements:

- * Types of services allowed or unallowed
- * Matching
- * Reporting
- * Cost allocation

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Commission expended 54% of its total federal financial assistance under a major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the Commission's major federal financial assistance program which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute 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 noncompliance with laws and regulations that would be material to a federal financial assistance program 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 material weaknesses as defined above.

This report is intended for the information of the Commissioners, management, the U. S. Department of Transportation, the U. S. Department of Commerce, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Hender, Jr.

December 23, 1996



HENDER, INC.

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

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The Commissioners of
Capital Region Planning Commission
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Capital Region Planning Commission (the Commission), Louisiana, a component unit of the City of Baton Rouge/Parish of East Baton Rouge, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 23, 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 general purpose financial statements are free of material misstatement.

The management of the Commission 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 general purpose 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 general purpose financial statements of the Commission, 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 general purpose 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 or irregularities in amounts that would be material in relation to the general purpose financial