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JOINT LEGISLATIVE COMMITTEE
ON THE BUDGET
STATE OF LOUISIANA

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FINANCIAL REPORT

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June 30, 1958

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewer, and to other appropriate public officials. The report is available for public inspection at the State Budget Office of the Legislative Council and, upon application, at the office of the parish clerk of court.

Approved: State ~~627-2-6-584~~



JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying financial statements of the Joint Legislative Committee on the Budget, State of Louisiana as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the Committee'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 the standards applicable to financial audits contained in *Governance Auditing Standards*, issued by the Comptroller General of the United States. These 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 Joint Legislative Committee on the Budget, 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 Joint Legislative Committee on the Budget, State of Louisiana, as of June 30, 1998, 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 25, 1998, on our consideration of the Joint Legislative Committee on the Budget, State of Louisiana's internal control over financial reporting and its compliance with certain provisions of laws and regulations.

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

Promost, Salter, Harper & Alford, L.L.C.
August 25, 1998

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET*Balance Sheet - Governmental Fund Type - General Fund**June 30, 1998***ASSETS**

Cash	<u>\$ 2,512</u>
Total Assets	<u>\$ 2,512</u>

LIABILITIES AND FUND EQUITY**Liabilities**

Due to other legislative agency	<u>\$ 2,512</u>
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Fund Equity

Fund balance	<u>-</u>
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Total Liabilities and Fund Equity	<u>\$ 2,512</u>
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JOINT LEGISLATIVE COMMITTEE ON THE BUDGET*Statement of Revenues, Expenditures and Changes**Year Ended June 30, 1998**In Fund Balance - Governmental Fund Type - General Fund*

Expenditures	
Personal services	31,845
Supplies	<u>22</u>
Total expenditures	<u>31,865</u>
Deficiency of Revenues over Expenditures	(31,865)
Other Financing Sources	
Interagency transfer in	<u>31,865</u>
Deficiency of Revenues Over Expenditures and Other Financing Sources	-
Fund Balance	
Beginning	<u>0</u>
Ending	<u>\$ 0</u>

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements

June 30, 1988

1. Summary of Significant Accounting Policies

The Joint Legislative Committee on the Budget is established as the budgetary and fiscal representative of the Legislature of the State of Louisiana to assist that body in the discharge of its fiscal and budgetary responsibilities and to provide the Legislature with information relative to such responsibilities from a source created by and responsible solely to the members of the Legislature. The Joint Legislative Committee on the Budget is a part of the Legislative branch of government.

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:

Financial Reporting Entity. Application of Section 1000 of the GASB Codification defines the governmental reporting entity (in relation to the Joint Legislative Committee on the Budget) to be the State of Louisiana. The accompanying financial statements of the Joint Legislative Committee on the Budget 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.

Fund Accounting. The Joint Legislative Committee on the Budget uses fund accounting (separate sets of self-balancing accounts) to reflect the sources and uses of available resources and the budgetary restrictions placed on those funds by the Louisiana Legislature. The fund presented in the accompanying financial statements, and as described below, comprise the general fund of the Joint Legislative Committee on the Budget.

Governmental Fund Type

General Fund. The General Fund is used to account for all of the Joint Legislative Committee on the Budget's general activities that are paid directly by the Joint Legislative Committee on the Budget, including the acquisition of general fund assets and the servicing of general long term debt.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements, Continued

June 30, 1998

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 basis applied.

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

Budgetary Function. The Joint Legislative Committee on the Budget no longer receives an appropriation. The expenses of the Joint Legislative Committee on the Budget are included in the budget of the Legislative Budgetary Control Council. The Council transfers funds to the Joint Legislative Committee on the Budget for the salaries and related benefits of the Chairman and Vice Chairmen of the Joint Legislative Committee on the Budget. Per diem and other expenses for Legislators attending the meetings of the Joint Legislative Committee on the Budget are paid by the Senate and House. The Council reimburses the Senate and the House for these expenses.

2. Cash in Bank

Under State law, the Joint Legislative Committee on the Budget may deposit funds in an approved bank located in the State selected and designated by the presiding co-chairman of the Committee. These public deposits must be secured by federal deposit insurance or the pledge or 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, 1998, the carrying amount of the Joint Legislative Committee on the Budget's cash account was \$1,522 and the bank balance was \$2,520. All cash was covered by federal depository insurance (category 1).

3. Retirement System

Plan Description. Substantially all employees of the Committee participate in the Louisiana State Employees' Retirement System (LASERS) which is a cost sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees. These plans provide retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitution of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 822-6600.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements, Continued

June 30, 1998

Employer Policy. Plan members of the Joint Legislative Committee on the Budget, State of Louisiana, are required by state statute to contribute 7.5% of their annual received salary to LASERS, respectively and the Committee (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 17% of annual covered payroll. The contribution requirements of plan members are established by, and amended by state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contribution requirements are funded by the State of Louisiana through the annual legislative appropriation. The Committee's employer contributions to LASERS for the years ending June 30, 1995, 1997, and 1998, which were equal to the required contributions for each year, were as follows:

Year Ended	
1995	\$ 3,649
1997	6,854
1998	17,698

4. Deferred Compensation Plan

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

It is the opinion of 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, holding these assets in a fiduciary capacity. Amounts relating to the Louisiana Public Employees Deferred Plan, which would include participation by certain employees of the Joint Legislative Committee on the Budget, are included within the financial statements of the State of Louisiana.

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.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements, Continued

June 30, 1998

6. Interagency Transfers In

Amounts received from other governmental units for the year ended June 30, 1998, consist of the following:

	Fiscal Service
Legislative Budgetary Control Council	\$ 30,000

7. 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.

8. Partial Year

The financial statements report the activity of the Committee for the period July 1, 1997 through December 31, 1997. The provisions of Act 1516 of the 1997 Regular Session allowed other budget units within the legislative branch to assume the cost of operations for the committee effective January 1, 1998. Subsequent to June 30, 1998 all remaining cash in the account of the Joint Legislative Committee on the Budget was transferred to the Legislative Budgetary Control Council.



Jeffrey
Holt
Auditor
Byron
Holt
Auditor

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

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

We have audited the accompanying financial statements of the Joint Legislative Committee on the Budget, State of Louisiana, as of and for the year ended June 30, 1998 and have issued our report thereon dated August 25, 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 the Joint Legislative Committee on the Budget, State of Louisiana'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 these 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Joint Legislative Committee on the Budget, State of Louisiana'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 weaknesses 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.

This report is intended for the information of management, the Legislative Auditor and the Legislative Budgetary Control Council. However, this report in 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 23, 1998