

OFFICIAL
FILE COPY
DO NOT MARK OUT

When reprinted
credit to this
copy and PLACE
DATE in 1999

STATE OF
LEGISLATIVE AUDITOR

2000 JAN -5 PM 4:44

LEGISLATIVE BUDGETARY
CONTROL COUNCIL
STATE OF LOUISIANA

FINANCIAL REPORT

June 30, 1999

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: 1-19-2000



LEGISLATIVE BUDGETARY CONTROL COUNCIL

Table of Contents

June 30, 1999

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION		1
FINANCIAL STATEMENTS		
Combined Balance Sheet – Fund Type and Account Group	<i>Statement A</i>	3
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund	<i>Statement B</i>	4
Statement of Revenues, Expenditures and Encumbrances and Changes in Fund Balance – Budget (Legal Basis) and Actual – General Fund	<i>Statement C</i>	5
Notes to Financial Statements		6
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures, Encumbrances and Other Financing Uses – Budget (Legal Basis) and Actual – General Fund	<i>Schedule 1</i>	15
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		16
INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS		18



INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Randy Dering, 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, 2009, 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.

Except as discussed in the following paragraph, 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. 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosure about Near 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue. The Legislative Budgetary Control Council, State of Louisiana has included such disclosures in Note 9. 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 issue made in Note 9. Further, we do not provide assurance that Legislative Budgetary Control Council, State of Louisiana is or will be year 2000 ready, that the Legislative Budgetary Control Council, State of Louisiana's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Legislative Budgetary Control Council, State of Louisiana does business will be year 2000 ready.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding Year 2008 disclosures, 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, 1999, 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 September 24, 1999 on our consideration of the Legislative Budgetary Control Council, State of Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule on page 13 is presented for the purpose of additional analysis and is not a required part of the financial statements of the Legislative Budgetary Control Council, State of Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Provost, Salter, Harper & Alford, L.L.C.
September 24, 1999

LEGISLATIVE BUDGETARY CONTROL COUNCIL,*Condensed Balance Sheet**June 30, 1999**Fund Type and Account Group*

	Governmental	Account Group	Totals
	Fund Type	General Long Term	
	General	Obligation	(Memorandum Only)
ASSETS AND OTHER DEBIT			
Cash in bank	\$ 358,692	\$ -	\$ 358,692
Unencumbered appropriations	5,687,889	-	5,687,889
Other debit - amount to be provided for compensated absences	-	21,371	21,371
Total Assets and Other Debit	\$ 5,808,681	\$ 21,371	\$ 5,860,052
LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts payable	\$ 242,403	\$ -	\$ 242,403
Accrued salaries and related benefits	3,749	-	3,749
Due to other legislative agencies	1,531,046	-	1,531,046
Compensated absences	-	21,371	21,371
Total liabilities	1,778,198	21,371	1,800,569
Fund Equity			
Fund balance			
Reserved for contingencies	3,856,424	-	3,856,424
Unreserved - undesignated	200,859	-	200,859
Total fund equity	4,058,483	-	4,058,483
Total Liabilities and Fund Equity	\$ 5,838,681	\$ 21,371	\$ 5,860,052

LEGISLATIVE BUDGETARY CONTROL COUNCIL*Statement of Revenues, Expenditures and**Year Ended June 30, 1999**Changes in Fund Balance**Governmental Fund Type - General Fund*

Revenues		
State appropriations	\$	5,183,808
Interest		9,133
Other		4,586
		<u>5,207,527</u>
Expenditures		
Personal services		105,766
Operating services		632,038
Supplies		69,519
Professional services		3,188,354
Capital outlay		1,988,200
		<u>5,983,877</u>
(Deficiency) of Revenues Over Expenditures		(754,282)
Other Financing Uses		
Interagency transfer out		<u>(1,409,974)</u>
(Deficiency) of Revenues Over Expenditures and Other Financing Uses		(3,124,256)
Fund Balance		
Beginning		<u>9,283,338</u>
Ending	\$	<u>4,059,082</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL

**Statement of Revenues, Expenditures and Encumbrances
and Changes in Fund Balance**

Year Ended June 30, 1999

Budget (Legal Basis) and Actual - General Fund

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State appropriations	\$ 5,193,600	\$ 5,193,600	\$ -
Interest income	-	9,133	9,133
Other	-	4,586	4,586
Encapropriated fund balance (1)	3,603,948	3,603,948	-
Total revenues	8,807,548	8,811,267	3,719
Expenditures and Encumbrances			
Personnel services	188,928	174,123	(14,805)
Operating services	364,549	673,058	(308,509)
Supplies	88,000	89,888	(11,888)
Professional services	2,886,783	3,198,564	(311,781)
Capital outlay	1,588,600	1,278,679	309,921
Total expenditures and encumbrances	4,907,460	5,344,308	(436,848)
Excess of Revenues Over Expenditures and Encumbrances	3,897,145	3,477,959	(419,186)
Other Financing Use			
Interagency transfers out	(281,588)	(2,869,974)	(2,588,386)
Excess of Revenues Over Expenditures, Encumbrances and Other Financing Uses	3,603,955	288,985	(3,314,970)
Fund Balance			
Beginning, as previously stated	843,883	843,883	-
Adjustment for prior period error	1,773,442	1,773,442	-
Beginning, as corrected	3,603,955	3,603,955	-
Less: encapropriated fund balance (1)	(3,603,948)	(3,603,948)	-
Ending	\$ 3,603,955	\$ 288,985	\$ (3,314,970)
Adjustments to generally accepted accounting principles			
Current year encumbrances included in expenditures		3,896,424	
Amount payroll not budgeted in current year		(3,349)	
Ending, GAAP basis		\$ 4,899,485	

(1) Budgets include encapropriated fund balances carried over from prior years to cover expenditures of the current year. This amount is not a source of the current period, being estimated at year-end only for budgetary reporting purposes. Beginning budgetary fund balances have been reduced by the amount to reflect the budgetary ending fund balance projected.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements

June 30, 1999

I. Summary of Significant Accounting Policies

The Legislative Budgetary Control Council, State of Louisiana, created by Title 24, Section 38 of the Louisiana Revised Statutes, maintain rules and regulations designed to control the budget and spending procedures within the Legislative branch of government, approve 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 of national legislative organizations.

The Council is composed of ten members and two employees.

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 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.

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.

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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

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.

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.

Revenue. 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 unexpended appropriation and appropriation authorized and collected during the year are summarized as follows:

	Total Appropriation Authorized	Unexpended Appropriation as of June 30, 1998	Appropriation Authorized for the year ended June 30, 1999	Funds Collected in the year ended June 30, 1999	Unexpended Appropriation as of June 30, 1999
Act 134, 1995 R.S.	\$ 4,640,000	\$ 140,000	\$ -	\$ -	\$ 140,000
Act 1033, 1997 R.S.	3,060,000	934,482	-	934,482	-
Act 135, 1997 R.S.	6,380,000	6,487,442	-	3,040,000	3,126,654
Act 9, 1998 R.S.	3,193,000	-	3,193,000	2,972,453	2,221,255
		\$ 7,581,524	\$ 3,193,000	\$ 3,287,135	\$ 5,487,959

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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

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

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 that 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 appropriate liquid assets remaining in the fund as a budgeted resource 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.

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

Leave Benefits. Accumulated unpaid annual, sick and compensatory leave is 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 360 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 360 hours and unused sick leave are credited as earned service in computing retirement benefits.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per week week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1999, annual leave of up to 200 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Configuration of Governmental Accounting and Financial Reporting Standards* Section C60.105, total \$21,371.

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

	Balance July 1, 1998	Net Change	Balance June 30, 1999
	\$ 17,963	\$ 3,408	\$ 21,371

Total Column as 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 does not present financial position, results of operations or changes in 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.

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. Federal deposit insurance or the pledge of securities that are owned by the fiscal agent bank must secure these public deposits. 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, 1999, the carrying amount of the Legislative Budgetary Control Council's cash account was \$350,000, and the bank balance was \$1,327,538. 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.

3. Retirement System

Plan Description. All employees of the Council participate in the Louisiana State Employee's Retirement System (L-ASERS) 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

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

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, 70894-4213, or by calling (225) 932-0690.

Funding Policy. Plan members of the Legislative Budgetary Control Council, State of Louisiana are required by state statute to contribute 75% of their annual covered salary to LASERS, respectively and the Council (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 12.4% 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 State of Louisiana through the annual legislative appropriations funds the employer contribution. The Council's employer contributions to LASERS for the years ending June 30, 1999, 1998 and 1997 were as follows:

June 30,	
1999	\$ 12,077
1998	18,582
1997	8,080

4. Deferred Compensation Plan

The State of Louisiana 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 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 (and) paid or made available to the employee or other beneficiary) satisfy 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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

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.

At June 30, 1999, 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.

6. Professional Services

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

Public Systems Associates (computer services)	\$ 2,991,580
Pouderoux & Netterville (consulting)	3,789
Prevent, Selzer, Hauser & Allied, L.L.C. (accounting and auditing)	29,532
Sign Language Services (signing for committee meetings)	2,984
AFMB Engineers (engineering)	2,332
Charles E. Schwab & Associates (architectural)	15,998
Tom Archibonis (architectural)	17,080
Jacqueline F. Bordelon (computer support)	2,250
G & G Microsystems (computer support)	18,011
Saphin C. Louvie-AIA (architectural)	<u>86,402</u>
	<u>\$ 3,158,054</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL*Notes to Financial Statements, Continued**June 30, 1999***7. Interagency Transfers Out**

Amounts paid to other governmental units for the year ended June 30, 1999, consist of the following:

	Office Operations	Capital Complex Improvements	Capital Outlay	Personal Service	Total
Legislative:					
Fiscal Office	\$ 65,791	\$ -	\$ -	\$ -	\$ 65,791
House of Representatives	-	1,868,875	118,440	28,169	1,915,424
Senate	-	1,868,875	71,899	15,587	1,958,261
Facility Planning and Control	-	29,404	-	-	29,404
	<u>\$ 65,791</u>	<u>\$ 2,167,151</u>	<u>\$ 190,348</u>	<u>\$ 43,756</u>	<u>\$ 2,466,974</u>

Amounts due to other legislative agencies at June 30, 1999 consists of the following:

Due to House of Representatives	\$ 1,002,500
Due to Senate	<u>458,558</u>
	<u>\$ 1,461,058</u>

B. 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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Notes to Financial Statements, Continued

June 30, 1999

9. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the office's operations as early as fiscal year 1999.

The Louisiana Legislative Computer Center has completed inventory, repair, and testing of all critical computer systems (hardware and software). These systems include all client computers (desktops and laptops), all server computers, all network equipment, and all commonly used customer and third-party software. Other than two remaining issues with the drafting and document management systems (which will be resolved and installed by December 15, 1999), the Legislature's computing environment is deemed compliant by Louisiana Division of Administration published standards.

Because of the unprecedented nature of the year 2000 issue, its effects and success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Legislative Budgetary Control Council, State of Louisiana is or will be year 2000 ready, that the Council's remediation efforts will be successful in whole or in part, or that parties with whom the office does business will be year 2000 ready.

10. Prior Period Adjustment

An error, resulting in the overstatement of previously reported expenses of the prior year as recorded on the budget (legal) basis was corrected this year, resulting in the following changes to the budget (legal) basis fund balance as of June 30, 1998 and the related Statement of Revenues, Expenditures and Changes in Fund Balance for the year then ended:

	Fund Balance	Excess Retirements
As previously reported	\$ 843,333	\$ 843,333
Overstatement of expenses	<u>2,171,462</u>	<u>2,171,462</u>
As restated	\$ 3,014,795	\$ 3,014,795

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Supplementary Information

June 28, 1999

LEGISLATIVE BUDGETARY CONTROL COUNCIL

*Schedule of Expenditures, Encumbrances and
Other Financing Uses* *Year Ended June 30, 1999*

Budget (Legal Basis) and Actual - General Fund

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures and Encumbrances			
Dues for national and regional organizations	\$ 178,699	\$ 180,636	\$ (2,937)
Joint capital outlay committee	188,918	115,117	(6,800)
Hazy P. Long Memorial Library	50,000	48,721	1,279
Joint computer services	2,677,168	3,443,275	(764,208)
Postage for committee notices	5,000	100	4,899
Joint support/consultant	159,617	37,658	121,959
Capital Police	23,598	36,351	(12,854)
Operating services	18,500	209,335	(190,835)
Professional services	50,000	33,747	16,253
David R. Pezner Memorial Library	41,000	-	41,000
Capital outlay	1,500,000	2,124,742	(624,742)
Less capital outlay transfer out	-	(184,891)	184,891
Total expenditures and encumbrances	4,912,300	6,144,789	(1,232,489)
Other Financing Uses			
Inaccuracy transfers out	281,508	2,468,974	(2,188,466)
Total Expenditures, Encumbrances and Other Financing Uses	\$ 5,193,808	\$ 8,614,674	\$ (3,420,866)



United
Fiduciary
Services
Business
Solutions

**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 Irving, Co-Chair
Honorable Huntington B. Derran, Jr., Co-Chair
Legislative Budgetary Control Council, State of Louisiana
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 24, 1999, which was qualified because insufficient audit evidence exists to support the Legislative Budgetary Control Council, State of Louisiana's disclosures with respect to the Year 2000 issue. Except as discussed in the preceding sentence, 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 Legislative Budgetary Control Council, State of Louisiana's general purpose 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 Legislative Budgetary Control Council, 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 general purpose 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 general purpose 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 the Council's management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

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

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

September 24, 1999

LEGISLATIVE BUDGETARY CONTROL COUNCIL

Independent Auditor's Comments on Resolution

Year Ended June 30, 1999

Of Prior Audit Findings

There were no prior year audit findings for which the Legislative Budgetary Control Council has not implemented the corrective action recommended.