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**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, 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, 1997, and have issued our report thereon dated October 9, 1997.

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

Compliance with laws, regulations, contracts and grants applicable to the Joint Legislative Committee on the Budget, State of Louisiana, is the responsibility of the Committee's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Committee'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.

The results of our test disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

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

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

October 9, 1997

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 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the Committee's management, the Louisiana Legislative Auditor and the Legislative Budgetary Control Council. 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.
October 9, 1993



**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, 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, 1997 and have issued our report thereon dated October 8, 1997.

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

The management of the Joint Legislative Committee on the Budget, 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 Joint Legislative Committee on the Budget, State of Louisiana, for the year ended June 30, 1997, 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 as

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements, Continued

June 30, 1997

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 potential creditors in the future.

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.

6. Interagency Transfers In

Amounts received from other governmental units for the year ended June 30, 1997, consist of the following:

	Personal Services
Legislative Budgetary Control Council	\$ 60,500

7. Other Costs

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

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes on Financial Statements, Continued

June 30, 1997

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 94213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 923-0600.

Funding Policy. Plan members of the Joint Legislative Committee on the Budget, State of Louisiana, are required by state statute to contribute 1% of their annual covered salary to LASERS, respectively and the Committee (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 employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Committee's employer contributions to LASERS for the years ending June 30, 1997, 1996 and 1995 were as follows:

June 30,		
1997	\$	6,910
1996		15,000
1995		25,000

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.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements, Continued

June 30, 1997

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 refers 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.

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 Chairman 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.

1. 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 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, 1997, the carrying amount of the Joint Legislative Committee on the Budget's cash account was \$1,983 and the bank balance was \$7,224. All cash was covered by federal depository insurance (category I).

2. Retirement System

Plan Description. Substantially all employees and members 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

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Notes to Financial Statements

June 30, 1997

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 trained 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 2180 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, including the acquisition of general fixed assets and the servicing of general long-term debt. It is used to account for all activities of the Committee.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET*Statement of Revenues, Expenditures and Changes**Year Ended June 30, 1997**In Fund Balance - Governmental Fund Type - General Fund*

Revenues	
State appropriation	<u>\$</u> -
Expenditures	
Personal services	<u>43,741</u>
Excess of Revenues over Expenditures	<u>43,741</u>
Other Financing Sources	
Intragovernmental transfer in	<u>63,741</u>
Excess of Revenues Over Expenditures and Other Financing Sources	-
Fund Balance	
Beginning	<u>-</u>
Ending	<u>\$</u> -

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

Balance Sheet - Governmental Fund Type - General Fund

June 30, 2007

ASSETS

Cash	\$ 1,946
Due from other agencies	4,727
Total Assets	\$ 6,290

LIABILITIES AND FUND EQUITY

Liabilities

Due to State Treasury	\$ 6,290
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Fund Equity

Fund balance	-
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Total Liabilities and Fund Equity	\$ 6,290
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In accordance with Government Auditing Standards, we have also issued a report dated October 9, 1997, on our consideration of the Joint Legislative Committee on the Budget, State of Louisiana's internal control structure and a report dated October 9, 1997, on compliance with laws and regulations.

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

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

October 9, 1997



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Honorable Randy Ewing, Co-Chair
Honorable Harrington B. Devoe, 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, 1997, 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 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.

As disclosed 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, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

JOINT LEGISLATIVE COMMITTEE ON THE BUDGET

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**JOINT LEGISLATIVE COMMITTEE
ON THE BUDGET
STATE OF LOUISIANA**
FINANCIAL REPORT

June 30, 1997

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the railroad, or railroad, utility and other appropriate public officials. The reports 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: ~~1997-03-1997~~

