

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

**SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITION
Year Ended June 30, 1996**

INADEQUATE SEGREGATION OF DUTIES:

Condition:

The Committee is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and reconciliation) cycles.

Criteria:

The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect:

The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner in the ordinary course of operations.

Cause:

The size of the Committee and the limited number of employees does not permit an adequate segregation of incompatible duties.

Recommendation:

Due to the size of the Committee's operations, it does not have sufficient staff to establish adequate segregation of duties. Therefore, the cost associated with reducing this deficiency in the design or operation of the internal control structure may not be considered justified.

Response by Management:

Management has noted this condition and has determined that the cost necessary to establish adequate controls is not justifiable at the current time.

Prior Year Finding:

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

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matter that we consider to be a reportable condition is described in the accompanying schedule of internal control structure reportable condition.

A material weakness is a reportable 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 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

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

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

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

December 23, 1999

In accordance with Government Auditing Standards, we have also issued a report dated December 23, 1998 on our consideration of the Joint Legislative Committee on the Budget, State of Louisiana's internal control structure and a report dated December 23, 1998 on its compliance with laws and regulations.

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

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

December 23, 1998

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

FINANCIAL REPORT

June 30, 1988

OFFICIAL COPY

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the libraries, as provided, and by registered postage to 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: DEC 03 1988

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

Official Public Accountants

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**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. Gossett, 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 December 23, 1998.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the 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, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

**SCHEDULE OF LEGISLATORS' FEE DUES
For the Year Ended June 30, 1995**

<u>Senate Members</u>	
Archie Long	5.00
David Vignone	5.00
David Hood	7.50
Robert Malone	4.00
Walt Rife	4.00
James David Cain	2.75
Frank Vercoutre	.75
Donald Canale	.75
Mike Cross	5.00
Jay Byrd	.75
John Clardy	5.00
Pauline Sims	.75
Jim Johnson	2.00
C. D. Jones	2.00
Tom Lewis	.75
William J. McPherson	7.00
Gregory Savelle	2.75
Steve Mc	2.00
<u>House Members</u>	
Bill Mc	.75
Raymond Alexander	5.00
Stephen Arling	5.00
Ernie Brannon	.75
Shannon Crippin	4.00
Earl Cross	.75
John D'Amico	.75
Charles Derell	4.00
Richard Flournoy	5.00
Thomas Gibson	5.00
Tracy Hester	.75
Ray Higgins	.75
Willy Hunter	4.00
Raymond Johnson	2.00
Christopher K. Joffe	2.75
Donald Karpman	5.00
Stephanie Koger	2.00
Jerry LeBlanc	5.00
Jimmy Long	4.00
Major McCleary	.75
Charles McDonald	.75
Walter Montgomery	2.75
Arthur Morell	4.00
Edmond Murray	4.00
Frank Pate	2.75
Walter Pratt	5.00
Jan Sabin	.75
Steve Scoble	.75
Jack Smith	.75
John Smith	5.75
Francis Thompson	5.00
Tom Thibault	.75
John Trott	5.00
Warren Tucker	.75
David White	2.00
Sharon Wheeler	5.00
Total Fee Dues	\$ 17,550

SUPPLEMENTARY INFORMATION

NOTES TO FINANCIAL STATEMENTS

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

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

NOTE 6. 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 payable litigation, claims, and similar contingencies are not recognized in the accompanying financial statements.

NOTE 7. INTERAGENCY TRANSFERS OUT

Amounts paid to other governmental units for the year ended June 30, 1993, consist of the following:

	Personal Services
House of Representatives	\$ 6,126
Senate	<u>4,474</u>
	\$ 10,600

NOTE 8. OTHER COSTS

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

NOTES TO FINANCIAL STATEMENTS

NOTE 4. 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 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) 822-0800.

Funding Policy

Plan members of the Joint Legislative Committee on the budget, State of Louisiana are required by state statute to contribute 7% 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% 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, 1998, 1999, and 1994, were as follows:

June 30,

1998	\$ 15,898
1999	25,807
1994	25,438

NOTE 5. 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.

NOTES TO FINANCIAL STATEMENTS

to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 200 hours and accrued sick leave are credited as earned service in computing retirement benefits.

Furthermore, employees earn compensatory leave for hours worked in excess of 40 hours per week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 1996, 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 Comptroller of Governmental Accounting and Financial Reporting Standards Section 680.105, total \$-0-

The following are the changes in general long-term debt during the year:

<u>Balance</u> <u>July 1, 1995</u>	<u>Net</u> <u>Changes</u>	<u>Balance</u> <u>June 30, 1996</u>
\$0.00	\$18,000	\$ -

NOTE 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 member 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, 1996, the carrying amount of the Joint Legislative Committee on the Budget's cash account was \$0,250 and the bank balance was \$21,500. All cash was covered by federal depository insurance (Category 1).

NOTE 3. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 1996</u>
Furniture and equipment	\$ 3,100	\$ -	\$ 3,100	\$ -

NOTES TO FINANCIAL STATEMENTS

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.

C. 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.

D. Budgetary Practices

The Joint Legislative Committee on the Budget is required to submit to the members of the Legislative Budgetary Control 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 Joint Legislative Committee on the Budget is authorized to transfer budget amounts between accounts in the General Fund. Revisions which alter total appropriations must be approved by the Legislature. The level of budgetary responsibility is by total appropriation. All annual appropriations lapse at fiscal year end, and require that any amounts not expended at the close of the fiscal year be returned to the State General Fund.

E. Leave Benefits

The Joint Legislative Committee on the Budget's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the Committee's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid

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

NOTES TO FINANCIAL STATEMENTS

NOTE 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:

A. Financial Reporting Entity

Application of Section 2100 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 full-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 entity contained in the accompanying financial statements.

B. 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:

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUES			
State appropriation	\$ 410,000	\$ 410,000	\$ -
EXPENDITURES			
Telephone	4,000	2,204	1,796
Postage	2,000	910	1,090
Office supplies	3,000	1,294	1,706
Acquisitions	1,500	-	1,500
Printing	500	361	140
Group insurance	7,500	6,073	1,427
Retirement benefits	30,000	18,088	13,912
Payroll taxes payable	3,000	780	2,220
insurance	1,000	4,532	(3,532)
Salaries	221,000	188,100	32,900
Per Diem	78,000	17,800	60,200
Travel	27,000	13,018	13,982
Total expenditures	<u>380,500</u>	<u>270,644</u>	<u>109,856</u>
Excess of revenues over expenditures	29,500	139,356	109,856
OTHER FINANCING USES			
Interagency transfers out	-	(12,600)	(12,600)
Transfer to State Treasury, General Fund	<u>(23,152)</u>	<u>(202,400)</u>	<u>(179,248)</u>
Deficiency of revenues over expenditures and other financing uses	<u>(16,644)</u>	<u>(16,644)</u>	<u>-</u>
Fund balance, beginning	<u>16,644</u>	<u>16,644</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

For the Year Ended June 30, 1966

REVENUES	
State appropriation	\$ 410,000
EXPENDITURES	
Personnel services	
Travel	260,171
Operating services	13,816
Supplies	3,871
	<u>1,284</u>
Total expenditures	<u>271,044</u>
Excess of revenues over expenditures	138,956
OTHER FINANCING USES	
Interagency transfer out	(70,500)
Transfers to the State Treasury, General Fund	<u>(200,400)</u>
Deficiency of revenues over expenditures and other financing uses	(111,944)
Fund balance, beginning	<u>10,540</u>
Fund balance, ending	<u>\$ 1,000</u>

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

**BALANCE SHEET
GOVERNMENTAL FUND TYPE - GENERAL FUND
June 30, 1996**

ASSETS

Cash	\$ 8,700
Unencumbered appropriations	<u>198,200</u>
Total assets	<u>\$ 206,900</u>

**LIABILITIES AND
FUND EQUITY****LIABILITIES**

Due to State Treasury	\$ 207,438
Accrued expenses	<u>4,625</u>
Total liabilities	<u>212,063</u>

FUND EQUITY

Fund balance:	
Unreserved - undesignated	<u> </u>
Total fund equity	<u> </u>
Total liabilities and fund equity	<u>\$ 212,063</u>