



**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
AND THE SUPPLEMENTARY INFORMATION**

Honorable, Huntington B. Dowser, Jr.
House of Representatives
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the House of Representatives, State of Louisiana, as of and for the year ended September 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the House'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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the House of Representatives, State of Louisiana are intended to present the financial position and results of operations of only that portion of the 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 House of Representatives, State of Louisiana, as of September 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the House of Representatives, State of Louisiana, taken as a whole. The supporting schedules listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the financial statements of the House of Representatives. Such

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Notes to Financial Statements

September 30, 1994

1. Summary of Significant Accounting Policies

The House of Representatives is a part of the Legislative branch of government operating under Article III of the 1974 Louisiana Constitution.

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 House of Representatives, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the House of Representatives contain sub-account information of the General Fund and account groups of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting. The House of Representatives 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 House of Representatives:

Governmental Fund Type - General Fund. The general fund is used to account for all of the House of Representatives, State of Louisiana's general activities, including the acquisition of general fund assets and the servicing of general long-term debt. It is used to account for all activities of the House of Representatives.

Account Groups. The account groups are 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.

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget (Budgetary Basis) and Actual
General Fund

For the Year Ended
September 30, 1986

	Budget	Actual	Variance Favorable (Unfavorable)
Source of Financial Resources			
State appropriations	\$ 11,404,000	\$ 11,404,000	\$ -
Interest	-	756,670	756,670
Intergovernmental	-	305,537	305,537
Other	-	79,251	79,251
Appropriated fund balance	4,356,000	4,356,000	-
Total source of financial resources	16,760,000	16,831,307	661,307
Use of Financial Resources			
Current expenditures -			
Personal expenses	31,583,180	31,603,738	27,557
Travel	318,000	315,875	2,125
Supplies	277,500	184,178	89,322
Telephone, utilities and building	520,500	504,082	16,418
Books and subscriptions	83,000	70,100	12,900
Printing	286,042	208,204	77,838
Office expense and maintenance	1,234,713	1,309,554	(74,841)
Utility fees and services	83,000	289,508	(206,508)
Capital outlay	826,000	1,087,377	(261,377)
Total uses of financial resources	15,405,000	15,599,283	1,194,283
Excess of Revenues (Under) Expenditures	4,355,000	4,832,024	467,024
Fund Balance, Beginning as Previously Reported	4,356,000	4,356,000	-
Adjustment applicable to prior year	(4,000)	(4,000)	-
Fund Balance, Beginning as Restated (Non-GAAP Basis)	4,352,000	4,352,000	-
Less unexpended fund balance (1)	(4,356,000)	(4,356,000)	-
Fund Balance, Ending (Non-GAAP Basis)	\$ -	\$ 0	\$ 0
Adjustments to Generally Accepted Accounting Principles			
Current year encumbrances included in expenditures		229,350	
Accrued payroll not budgeted to current year		(310,838)	
Fund Balance, Ending (GAAP Basis)		\$ 4,271,462	

(1) Budgets include unexpended fund balances carried over from prior years to cover expenditures of the current year. This amount is not a source of the current period, but is presented as revenue only for budgetary reporting purposes. Expanding budgetary fund balances have been reduced by the computer to reflect the budgetary ending fund balance projected.

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA*Statements of Revenues, Expenditures and
Changes in Fund Balance - General Fund**For the Years Ended
September 30, 1996 and 1995*

	1996	1995
Revenues		
State appropriation	\$ 15,404,688	\$ 15,500,435
Interest	376,670	329,791
Intergovernmental	265,537	219,212
Other	79,252	74,860
Total revenues	<u>16,066,147</u>	<u>16,124,307</u>
Expenditures		
Current operations -		
Personal services	11,488,809	11,399,503
Travel	385,878	232,529
Supplies	152,610	250,719
Telephones, utilities and building	594,082	486,369
Dues and subscriptions	70,189	54,062
Printing	285,204	214,829
Office expense and maintenance	1,428,665	1,093,731
Other fees and services	267,028	183,020
Capital outlay	2,294,949	4,366,338
Total expenditures	<u>16,791,128</u>	<u>17,851,893</u>
Excess of Revenues (Under) Expenditures	<u>(724,981)</u>	<u>(1,828,586)</u>
Fund Balance, Beginning as Previously Reported	5,472,481	7,288,803
Adjustment applicable to prior year	(4,854)	14,064
Fund Balance, Beginning as Restated	<u>5,467,627</u>	<u>7,302,867</u>
Fund Balance, Ending	<u>\$ 4,742,646</u>	<u>\$ 5,474,281</u>

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Notes to Financial Statements, Continued

September 30, 1996

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 and interest revenue. For purposes of revenue recognition, management does not consider the coming year's appropriation available until October 1 of each year.

The amount due from the State Treasury and appropriation revenues collected are summarized as follows:

	Total Appropriation Authorized	Funds Collected As Of September 30, 1996	Amount Due From State Treasury As Of September 30, 1996
As At 12/31 1995 R.S.	\$ 13,404,688	\$ 13,404,688	\$ -

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 House of Representatives, 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.

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.

Fixed Assets. The accompanying statements reflect furniture, fixtures, and equipment used by the House of Representatives, State of Louisiana, and funded by the legislative appropriation, in daily operations. These assets are recorded at cost in the General Fixed Asset Account Group. Fixed assets are not depreciated.

The accompanying statements do not include the value of land buildings provided without cost to the House of Representatives, by the State of Louisiana. These assets are recorded with the annual financial statements of the State of Louisiana.

information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated February 27, 1997 on our consideration of the House of Representatives, State of Louisiana's, internal control structure and a report dated February 27, 1997 on its compliance with laws and regulations.

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

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

February 27, 1997

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Supplementary Information

September 20, 1998

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

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**HOUSE OF REPRESENTATIVES
STATE OF LOUISIANA**

FINANCIAL REPORT

September 30, 1996

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STATE OF LOUISIANA
HOUSE OF REPRESENTATIVES

Under provisions of state law, this report is a public document. A copy of this report for a parish clerk should be filed to the auditor, or treasurer, county and other counties, all public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

APR 16 1997

Address Date _____



HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Combined Balance Sheet

September 30, 1993

Fund Type and Account Groups

(With Comparative Data for September 30, 1992)

	Governmental Fund Type General	Account Groups		Total	
		General	Long-Term	(Encumbrance Only)	
		Fixed Assets	Debt	1993	1992
ASSETS					
Cash and cash equivalents	\$3,363,677	\$ -	\$ -	\$3,363,677	\$ 6,025,937
Accounts receivable	30,216	-	-	30,216	45,498
Furniture, fixtures and equipment	-	2,799,841	-	2,799,841	2,118,365
Accounts to be provided for compensated absences	-	-	500,843	500,843	500,843
Total Assets	\$3,393,893	\$2,799,841	\$ 500,843	\$6,667,367	\$ 8,691,643
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 187,888	\$ -	\$ -	\$ 187,888	\$ 163,947
Employee benefits payable	132,868	-	-	132,868	95,871
Salaries payable	175,115	-	-	175,115	256,621
Compensated absences	-	-	500,843	500,843	500,843
Total Liabilities	495,871	-	500,843	1,188,694	1,017,282
Fund Equity					
Investment in general fixed assets	-	2,799,841	-	2,799,841	2,118,365
Fund balances					
Reserved for repairs and maintenance of the State Capitol	-	-	-	-	1,041,288
Reserved for other current expenditures	119,354	-	-	119,354	378,435
Designated for repairs and maintenance of the State Capitol	1,853,486	-	-	1,853,486	1,048,394
Designated for equipment purchases	2,699,889	-	-	2,699,889	-
Unreserved, unencumbered	564,604	-	-	564,604	3,641,897
Total fund equity	4,237,433	2,799,841	-	7,037,277	7,614,279
Total liabilities and Fund Equity	\$3,393,893	\$2,799,841	\$ 500,843	\$6,667,367	\$ 8,691,643

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Notes to Financial Statements, Continued

September 30, 1996

Budget and Budgetary Accounting. The House of Representatives, State of Louisiana is required to submit to 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 House 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 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 House of Representatives includes the prior year's fund balance represented by appropriated liquid assets remaining in the fund as a budgeted revenue 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 income of revenues over expenditures.

Encumbrances. Encumbrances are recorded when purchase orders, contracts, and other commitments for expenditure of moneys 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 are reported in the General Long-Term Obligation Account Group within the accompanying financial statements. The House's employees accrue unlimited amounts of annual and sick leave at varying rates as established by the House's personnel manual. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused 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 week. The compensatory leave may be used similarly to annual or sick leave. At September 30, 1996, annual leave of up to 300 hours, for which employees could be paid upon resignation or retirement, and compensatory leave, computed in accordance with the *Codification of Governmental Accounting and Financial Reporting Standards* Section C60.105, total \$180,840.

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Notes to Financial Statements, Continued

September 30, 1995

Funding Policy. Plan members of the House of Representatives are required by state statute to contribute 10%, 8%, 9.5% or 11.5% of their annual covered salary to LASERS and TRS, respectively and the House of Representatives (as their employer) is required to contribute at an actuarially determined rate. The current employer rate is 12% and 16.3% of annual covered payroll for LASERS and TRS, respectively. The contribution requirements of plan members and the employer 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 House of Representatives' employer contributions to LASERS and TRS for the years ending June 30, 1993, 1993, 1993, and 1994, which were equal to the required contributions for each year, were as follows.

June 30,	LASERS	TRS	Total
1993	\$ 893,857	\$ 25,393	\$ 921,850
1993	843,867	27,368	898,403
1994	823,350	39,798	863,348

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.

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.

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.

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA
Subsidiary of Legislators' Pay System and Other Compensation
For the Year Ending September 30, 1936

Legislator	Total	April 27 - June 11		Balance For Other		Salary and Expense Allowance
		Days	Amount	Days	Amount	
Acosta, Joseph E.	4,375	-	-	3	750	4,300
Adair, Elton A.	36,500	15	3,475	34	3,400	36,000
Adley, Robert H.	4,900	-	-	3	300	4,600
Akins, John A.	26,800	15	3,475	43	3,200	26,125
Alexander, Henry C.	23,400	15	3,475	33	3,100	22,800
Alexander, Rodney M.	24,775	15	3,475	36	3,700	24,000
Asbury, Charles B.	4,500	-	-	-	-	4,500
Astwell, Elmer	24,400	15	3,475	29	2,375	24,000
Bailey, Robert L.	29,875	15	3,475	33	3,375	29,100
Baileys, John C.	37,500	15	3,475	38	3,500	37,500
Baylor, Ernest, Jr.	36,600	15	3,475	38	700	36,400
Beggs, Robert L.	4,300	-	-	-	-	4,300
Benton, Shirley D.	24,000	15	3,475	23	3,075	24,000
Brown, Beverly E.	36,400	15	3,475	34	3,000	35,900
Brown, Key L.	23,500	15	3,475	17	3,075	23,000
Brown, Charles E.	25,000	15	3,400	40	3,600	24,000
Carroll, E. Howard	4,500	-	-	-	-	4,500
Carter, Robert J.	3,600	-	-	-	-	3,600
Chaumont, Paul T., Jr.	23,800	15	3,475	37	300	23,800
Chapman, Joseph W.	23,500	15	3,475	17	3,075	23,000
Chapin, W. George	4,400	-	-	3	75	4,300
Clyde, Maxwell H., Jr.	23,775	15	3,475	38	3,000	23,000
Cover, Carl D.	24,625	15	3,475	38	2,500	24,600
Curtis, Joseph B.	24,700	15	3,475	33	3,475	24,000
Darwin, Francis J.	36,200	15	3,475	28	3,000	35,700
Deer, William K., Jr.	36,600	15	3,475	34	3,000	35,100
Deming, Quentin H.	4,300	-	-	-	-	4,300
Demore, Edward L., Jr.	4,400	-	-	3	75	4,300
Deville, John Dink	26,800	15	3,475	27	2,775	26,000
Devitt, Charles W.	23,800	15	3,475	23	3,075	23,000
Dick, John C.	24,800	15	3,475	23	3,700	24,000
Dixon, Wm. B.	23,075	15	3,475	-	-	23,000
Dodge, Ernest G.	23,625	15	3,475	38	3,500	23,600
Douglas, James	23,100	28	3,300	33	800	22,775
Dovey, Yvonne J.	24,600	15	3,475	29	2,675	24,000
Drems, H. B., Jr.	43,400	15	3,400	33	3,075	42,900
Duggan, Reginald C.	36,400	15	3,475	3	375	35,500
Durand, Rubin M.	24,700	15	3,475	33	2,675	24,000
Ellington, Noble E.	4,300	-	-	-	-	4,300
Farr, Robt L.	4,300	-	-	-	-	4,300
Farr, Naomi E.	33,800	15	3,475	33	3,575	33,000
Farrington, Robert E., Jr.	37,500	15	3,475	38	3,500	36,500
Farr, David H.	36,400	15	3,475	32	900	35,900
Fleming, William	4,300	-	-	-	-	4,300
Foster, H. Christian, Jr.	36,200	15	3,475	8	600	35,100
Foster, Henry J.	26,200	15	3,475	33	3,075	25,600

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA
Salaries of Legislators' Per Diem and Other Compensation, Continued
For the Year Ended September 30, 1960

Legislator	Total	April 27 - June 15		Salaries Per Diem		Salary and Expense Allowance
		Days	Amount	Days	Amount	
Frank Lloyd, Jr.	19,441	75	3,475	11	1,340	22,250
Fraser, Gregory L.	18,441	75	3,475	10	730	22,650
Garrison, Oak	18,428	75	3,475	11	925	22,828
Gilman, Louis H.	18,885	75	3,475	4	500	22,860
Givens, Kyle M.	18,885	75	3,475	11	915	22,880
Goffney, Blair J.	18,885	75	3,475	14	1,530	22,890
Goss, Stephen L.	4,750	-	-	-	-	4,750
Grainville, Oscar J., Sr.	11,400	38	2,200	14	1,000	9,800
Hick, Theodore M.	4,750	-	-	2	150	4,750
Hickman, Wayne G., Jr.	23,050	75	3,475	17	1,275	26,800
Hinton, Alex M.	23,475	75	3,475	16	1,200	26,950
Hobert, Dennis P.	4,750	-	-	3	210	4,750
Hobert, Tracy M.	19,675	75	3,475	17	1,275	23,425
Hogendorn, Donald J.	4,750	-	-	2	150	4,750
HOB, Thomas R.	22,475	75	3,475	16	1,200	26,150
Holmes, Arthur L.	22,225	75	3,475	16	1,000	26,700
Hopkins, Ray	22,400	75	3,475	15	1,110	26,985
Hudson, Charles I.	22,475	75	3,475	14	1,200	26,950
Hughes, Willie, Jr.	22,475	75	3,475	14	1,200	26,950
Hus, Ray C.	18,775	75	3,475	10	975	23,225
Jenkins, Louis	22,800	75	3,475	5	325	26,600
Jones, Raymond A.	22,700	75	3,475	19	1,440	26,615
John, Christopher	4,750	-	-	1	110	4,750
John, Donald	18,525	75	3,475	7	510	22,510
Jones, Donald E.	22,400	75	3,475	19	1,775	26,650
Kearney, Lefter L.	18,545	75	3,475	14	750	22,770
King, James M.	4,750	-	-	-	-	4,750
Kirkland, Joseph B.	4,750	-	-	-	-	4,750
Lacombe, Charles D.	22,475	75	3,475	18	1,400	26,350
Landon, Mitchell	22,800	75	3,475	5	210	26,490
Leflore, Jerry L.	22,880	75	3,475	20	1,575	26,930
Levy, James D.	22,800	75	3,475	25	2,025	26,300
Leveson, Robert, Jr.	18,545	75	3,475	18	750	22,520
Levy, Daniel B.	22,175	75	3,475	12	800	26,450
LeVine, Aubrey A.	22,880	75	3,475	17	1,275	26,630
McCallum, Ray B.	22,425	75	3,475	2	150	26,050
McClary, Richard L.	3,280	-	-	3	475	4,750
McDonald, Charles B.	22,800	75	3,475	23	1,675	26,950
McFerson, Sidney	4,750	-	-	-	-	4,750
McMinn, W. Charles, Jr.	22,475	75	3,475	8	600	26,550
Michal, Michael J.	18,920	75	3,475	10	1,110	23,505
Michot, Emory B.	22,475	75	3,475	4	300	26,250
Montgomery, Billy W.	24,900	75	3,475	25	2,025	28,400
Morris, Arthur B.	22,705	75	3,475	22	1,650	26,830
Morris, Edwin P.	22,200	75	3,475	18	2,025	26,700
Ortiz, Kenneth L., Sr.	24,875	75	3,475	24	1,800	29,150
Paul, Paul J.	3,800	-	-	7	525	4,325
Perkins, Anthony E.	18,545	75	3,475	18	750	22,520
Peters, Willard	24,975	75	3,475	26	2,100	28,550



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

Honorable, Hastings R. Dwyer, Jr.
House of Representatives
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the House of Representatives, State of Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated February 27, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

The management of the House of Representatives 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 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 House of Representatives, State of Louisiana, for the year ended September 30, 1996, 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.

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 specific 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 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 House of Representatives' 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.

February 27, 1997



United
States
Accountants

Public
Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN
AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH THE GOVERNMENT AUDITING STANDARDS**

Honorable, Harrington B. Downs, Jr.
House of Representatives
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the House of Representatives, State of Louisiana, as of and for the year ended September 30, 1996, and have issued our report thereon dated February 27, 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. Those 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 and contracts applicable to the House of Representatives is the responsibility of the House of Representatives' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the House of Representatives' compliance with certain provisions of laws, regulations and contracts. 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 we required to be reported herein under Government Auditing Standards.

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

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

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

February 27, 1997

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

Notes to Financial Statements, Continued

September 30, 1996

6. Lease Agreements

The House of Representatives has operating leases for computer and office equipment on a month-to-month, as needed, basis.

These lease agreements have nonappropriation mandatory clauses that allow for lease cancellation if the Louisiana Legislature does not make an appropriation for their continuation during any future fiscal period. Rental and lease expenditures totaled \$172,440 for the year ended September 30, 1996.

7. Intergovernmental Revenue

Amounts received from other governmental units for the year ended September 30, 1996, consisted of the following:

Amount received from the Senate, State of Louisiana	\$ 15,914
Amounts received from other agencies for reimbursement of personnel related expenditures	180,023
	<hr/>
	\$ 195,937

8. Adjustment Applicable to Prior Year

During the year ended September 30, 1996, management determined that the employer portion of certain employee benefits in the amount of \$4,054 was incorrectly omitted as an expense of the year ended September 30, 1995. During the year ended September 30, 1995, management determined that the employer portion of certain employee benefits in the amount of \$14,064 was incorrectly recorded as an expense of the year ended September 30, 1994.

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

*Notes to Financial Statements, Continued**September 30, 1996*

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

Balance October 1, 1995	Net Change	Balance September 30, 1996
\$ 500,028	\$ 48,815	\$ 548,843

Post-Retirement Benefits. The House of Representatives, State of Louisiana provides certain health care and life insurance benefits for retired employees. Substantially all of the House of Representatives' employees may become eligible for these benefits if they reach normal retirement age while working for the House. These benefits for retirees and similar benefits for active employees are provided through the State's Group Benefits Program whose monthly premiums are paid jointly by the employee and the House of Representatives. The House recognizes the cost of providing these benefits as an expenditure in the year paid. For the year ended June 30, 1996, these costs totaled \$147,287 which covered 35 retired employees, funded through the legislative appropriation. Retirees pay 1/3 of the cost of their benefits.

Total Columns on Combined Statements. Total columns on the combined statements overview are captioned "Miscellaneous Duty" 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 are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data. Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial operations. However, comparative data has not been presented in all statements because its inclusion would make certain statements unduly complex and difficult to understand.

2. Deposits in Banks

Cash and cash equivalents consist of demand deposits and certificates of deposits with maturities of three months or less.

Under State law, the House of Representatives may deposit funds in an approved bank located in this State selected by the presiding officer of the House of Representatives. These public deposits must be secured by Federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at

HOUSE OF REPRESENTATIVES, STATE OF LOUISIANA

*Notes to Financial Statements, Continued**September 30, 1996*

all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank's agent in the House's name (Category 2). The bank deposits at September 30, 1996, are as follows:

	Carrying Balance	Book Balance	FHIC Insurance	Pledged Collateral
Cash in Bank	\$ 1,823,099	\$ 2,149,413	\$ 180,000	\$ 2,510,519
Certificate of Deposit	2,426,578	2,426,578	180,000	2,154,260
Total	\$ 4,249,677	\$ 4,575,992	\$ 360,000	\$ 4,664,779

3. Changes in General Fixed Assets

At September 30, 1996 the House of Representatives, State of Louisiana has an inventory totaling \$2,791,841 of furniture, fixtures, and equipment or receivable property. The following summarizes transactions during the year:

	Balance October 1, 1995	Additions	Deletions	Balance September 30, 1996
Furniture, fixtures and equipment	\$ 2,118,348	\$ 828,865	\$ 155,372	\$ 2,791,841

4. Retirement Systems

Plan Description. Substantially all employees and members of the House of Representatives participate in the Louisiana State Employees' Retirement System (LASERS) or the Teacher's Retirement System of Louisiana (TRS), both of which are cost sharing, multiple-employer defined benefit pension plans administered by a separate Board of Trustees. The 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 and TRS issue publicly available financial reports that include 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) 822-8608; or by writing to Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana, 70804-9123, or by calling (504) 925-6446.