

REPORT
LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
JUNE 30, 2014

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

November 24, 2014

Honorable John A. Alario, Jr., Co-Chair
Honorable Charles E. Kleckley, Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements for the governmental activities and the major fund of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Legislative Budgetary Control Council's basic financial statements as listed in the index to the report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Legislative Budgetary Control Council, State of Louisiana, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 7 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Legislative Budgetary Control Council, State of Louisiana's basic financial statements. The required supplementary information on page 25 is presented for purposes of additional analysis as required by the Governmental Accounting Standards Board (GASB) and is not a required part of the basic financial statements.

The required supplementary information on page 25 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of the Legislative Budgetary Control Council, State of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Legislative Budgetary Control Council, State of Louisiana's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

Management's Discussion and Analysis of the Legislative Budgetary Control Council, State of Louisiana's financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council's net position increased by \$3,160,651. This resulted primarily from significant increases in appropriations in the current year for the Legislative Capitol Technology Enhancement Fund and the additional Bond Proceeds that were appropriated, as well as decreases in expenditures for various projects.
- The general revenues of the Council were \$18,011,987, which is an increase of \$9,807,045 from the prior year. The significant increase is a result of additional appropriations received in the current year for projects and renovations that were not received in the prior year. Current year revenues included appropriations for the Technology Enhancement projects and additional Bond Proceeds.
- The total expenditures/expenses of the Council were \$11,599,362, which is a decrease of \$1,443,353 from the prior year. The decrease is a result of capital outlay expenditures for the Technology Enhancement projects and Capitol renovations decreasing in the current year.
- The other financing uses of the Council were \$3,251,974, which is an increase of \$147,189.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of three sections: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. Management's discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional information to supplement the basic financial statements, such as required supplementary information.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

The Statement of Net Position (page 8) presents information on all of the Council's assets and liabilities. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Council is improving or deteriorating. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the operations of the office. The financial statement readers are also able to determine how much the Council owes vendors and others. Finally, the Statement of Net Position provides a summary of the combined net position (assets minus liabilities) and their availability for expenditure.

The Statement of Activities (page 9) presents information showing how the Council's assets changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions may be included that will not affect cash until future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Council's only fund, the general fund.

The Council uses only one fund type, the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Council's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between the governmental fund and the governmental activities.

Notes to the Financial Statements

The notes (pages 10-23) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Council's budgetary comparison (page 24) and progress in funding its obligations to provide other postemployment benefits (page 25).

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

The following presents condensed financial information of the Council:

**COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Percentage Change</u>
<u>ASSETS:</u>				
Current assets	\$ <u>28,614,576</u>	\$ <u>25,522,905</u>	\$ <u>3,091,671</u>	12.1%
Total assets	<u>28,614,576</u>	<u>25,522,905</u>	<u>3,091,671</u>	12.1%
<u>LIABILITIES:</u>				
Current liabilities	202,975	279,844	(76,869)	(27.5%)
Long-term liabilities	<u>97,196</u>	<u>89,307</u>	<u>7,889</u>	8.8%
Total liabilities	<u>300,171</u>	<u>369,151</u>	<u>(68,980)</u>	(18.7%)
Unrestricted net position	\$ <u>28,314,405</u>	\$ <u>25,153,754</u>	\$ <u>3,160,651</u>	12.6%

**COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>	<u>Change</u>	<u>Percentage Change</u>
General revenues	\$ 18,011,987	\$ 8,204,942	\$ 9,807,045	119.5%
Expenditures/expenses	11,599,362	13,042,715	(1,443,353)	(11.1)%
Other financing uses	<u>3,251,974</u>	<u>3,104,785</u>	<u>147,189</u>	4.7%
Change in net position	\$ <u>3,160,651</u>	\$ <u>(7,942,558)</u>	\$ <u>11,103,209</u>	139.8%

BUDGET ANALYSIS

A comparison of budget to actual operations is a required supplementary schedule and is presented in the accompanying supplementary information. Total expenditures were \$3,441,445 over budgeted amounts. However, the reappropriated fund balance from the prior year covered these overages. The Council's expenditures were over the budgeted amount due to capital outlay expenditures from the Phase V of the HVAC Replacement and Renovations and Legislative Technology projects.

ECONOMIC OUTLOOK

The Council's fiscal year 2015 Budget was approved with a 5.0% increase from the prior fiscal year.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

CONTACTING THE COUNCIL'S MANAGEMENT

This audit report is designed to provide a general overview of the Council and to demonstrate the Council's accountability for its finances. If you have any questions about this report or need additional information, please contact the Legislative Budgetary Control Council, State of Louisiana, P.O. Box 44305, Baton Rouge, Louisiana 70804.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Net Position</u>
ASSETS:			
Cash in bank (Note 2)	\$ 27,321,029	\$ -	\$ 27,321,029
Unwarranted appropriations (Note 12)	<u>1,293,547</u>	<u>-</u>	<u>1,293,547</u>
TOTAL ASSETS	<u>\$ 28,614,576</u>	<u>-</u>	<u>28,614,576</u>
LIABILITIES:			
Accounts payable	\$ 84,962	-	84,962
Accrued salaries and related benefits	6,063	-	6,063
Due to other legislative agencies (Note 8)	111,950	-	111,950
Compensated absences (Note 1)			
Current portion	-	5,199 (1)	5,199
Noncurrent portion	-	20,794 (1)	20,794
OPEB payable (Note 4)	-	71,203 (1)	71,203
Total liabilities	<u>202,975</u>	<u>97,196</u>	<u>300,171</u>
FUND BALANCE/NET POSITION:			
Restricted (Note 14)	1,293,547	(1,293,547)	-
Assigned (Note 14)	97,196	(97,196)	-
Unassigned (Note 14)	<u>27,020,858</u>	<u>(27,020,858)</u>	<u>-</u>
Total fund balance	<u>28,411,601</u>	<u>(28,411,601)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 28,614,576</u>		
NET POSITION:			
Unrestricted		<u>28,314,405</u>	<u>28,314,405</u>
TOTAL NET POSITION		<u>\$ 28,314,405</u>	<u>\$ 28,314,405</u>

*Explanation

(1) Long-term liabilities, such as compensated absences and other postemployment benefits, are not due and payable in the current period, and therefore, are not reported in the General Fund.

See accompanying notes.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN THE FUND BALANCE/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>General Fund</u>	<u>Adjustments*</u>	<u>Statement of Activities</u>
EXPENDITURES/EXPENSES:			
Personnel services	\$ 311,535	\$ 7,889 (1)	\$ 319,424
Operating services	1,164,466	-	1,164,466
Supplies	339,377	-	339,377
Professional services	5,061,703	-	5,061,703
Capital outlay	4,714,392	-	4,714,392
Total expenditures/expenses	<u>11,591,473</u>	<u>7,889</u>	<u>11,599,362</u>
GENERAL REVENUES:			
State appropriations (Note 12)	17,954,914	-	17,954,914
Interest	50,105	-	50,105
Other	6,968	-	6,968
Total general revenues	<u>18,011,987</u>	<u>-</u>	<u>18,011,987</u>
Excess of revenues under expenditures/expenses	<u>6,420,514</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Interagency transfers out (Note 8)	<u>(3,251,974)</u>	<u>-</u>	<u>(3,251,974)</u>
Total other financing uses	<u>(3,251,974)</u>	<u>-</u>	<u>(3,251,974)</u>
Excess (deficiency) of revenues over expenditures/expenses and other financing uses	3,168,540	(3,168,540)	-
Change in net position	-	3,160,651	3,160,651
Fund Balance/Net Position (Deficit):			
Beginning of Year	<u>25,243,061</u>	<u>(89,307)</u>	<u>25,153,754</u>
End of Year	<u>\$ 28,411,601</u>	<u>\$ (97,196)</u>	<u>\$ 28,314,405</u>

***Explanation**

(1) Expenses of long-term obligations for compensated absences and other postemployment benefits reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the General Fund.

See accompanying notes.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NATURE OF OPERATIONS:

The Legislative Budgetary Control Council, State of Louisiana, (the Council) created by Title 24, Section 38 of the Louisiana Revised Statutes, maintains rules and regulations designed to control the budget and spending procedures within the Legislative branch of government, approves budget requests for all legislative budget units and funds projects for the Legislature such as the joint computer operations, upkeep and renovations of the Capitol complex and funding of national legislative organizations. Appropriated funds are allocated to the Council to defray the expenses of the Louisiana Legislature, including the expenses of the House of Representatives, the Senate, Louisiana Law Institute, Legislative Auditor, and the Legislative Fiscal Office.

The Council is composed of twelve members and three full-time employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Government 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 accounting principles generally accepted in the United States of America 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, State of Louisiana) to be the State of Louisiana. The accompanying financial statements of the Legislative Budgetary Control Council contain sub-account information of the General Fund 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. However, the activity may be presented or classified differently due to perspective differences. The Legislative Budgetary Control Council has no fiduciary funds or component units.

Fund Accounting – The Legislative Budgetary Control Council uses fund accounting (separate set 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 Legislative Budgetary Control Council has only a general fund, which is used to account for all of the Legislative Budgetary Control Council's activities, including the servicing of long-term liabilities.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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.

The Legislative Budgetary Control Council presents a Statement of Net Position and Statement of Activities. These statements reflect entity-wide operations of the Legislative Budgetary Control Council. The Legislative Budgetary Control Council has only a General Fund, supported by an appropriation from the State of Louisiana and self-generated funds.

Within the accompanying statements, the General Fund column of the Statement of Net Position and the Statement of Activities reports all activities of the Legislative Budgetary Control Council using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Management considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. However, as management considers it available regardless of when received, the legislative appropriation is recorded during the year, and for the year, the appropriation is made, and interest and other revenues are recorded when earned. Expenditures are recorded when a liability is incurred, as in accrual accounting. However, compensated absences and other postemployment benefits (OPEB) costs are recorded when payment is due.

The General Fund column is adjusted to create a Statement of Net Position and Statement of Activities. Within this column, amounts are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 amount not expended or encumbered at the close of the fiscal year be returned to the State General Fund unless otherwise reappropriated by subsequent Legislation action. Current appropriation legislation authorizes such reappropriation of prior year funds.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Budgetary Practices: (Continued)

The budget of 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 revenue in the succeeding year. The result of operations on a GAAP basis does not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Encumbrance accounting is used during the year to reserve portions of the annual appropriation for unfilled purchase orders. Year-end encumbrances are not charged against the current year appropriation and are carried forward into the next budget year.

Compensated Absences:

Accumulated unpaid annual, sick and compensatory leave is reported in the Statement of Net Position and Statement of Activities 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 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 work week. The compensatory leave may be used similarly to annual or sick leave. At June 30, 2014 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, totaled \$25,993.

The following are the changes in compensated absences during the year:

<u>Balance</u> <u>July 1, 2013</u>	<u>Net Change</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>\$ 26,572</u>	<u>\$ (579)</u>	<u>\$ 25,993</u>

The portion of compensated absences due within one year is \$5,199. The additions and reductions to compensated absences during 2013-2014 fiscal year represent the net change during the year because the additions and reductions could not be readily determined.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Postemployment Benefits:

The Legislative Budgetary Control Council provides certain health care and life insurance benefits for retired employees. Substantially all of the Council's employees may become eligible for those benefits if they reach normal retirement age while working for the Council. These benefits for retirees and similar benefits for active employees are provided through the State's Office of Group Benefits Plan and the LSU System Health Plan. Monthly premiums are paid jointly by the employee and the Council. The Council recognizes the cost of providing these benefits as an expenditure in the year paid in the General Fund. For the year ended June 30, 2014, those costs totaled \$14,209, which covered two retired employees, funded through the legislative appropriation.

Fund Balance:

Fund balance is classified in the following components:

- *Nonspendable* includes fund balance amounts that cannot be spent either because it is in nonspendable form (such as inventory) or because of legal or contractual constraints.
- *Restricted* includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers (such as grantors, bondholders, and higher levels of government) or amounts constrained due to constitutional provisions or enabling legislation.
- *Committed* includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Council itself, using its highest level of decision-making authority. To be reported as *committed*, amounts cannot be used for any other purpose unless the Council takes the same highest level action to remove or change the constraint.
- *Assigned* includes fund balance amounts that the Council intends to use for a specific purpose that are neither considered restricted nor committed. Intent can be expressed by the Council or by an official or body to which the Council delegates the authority.
- *Unassigned* fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. Positive amounts are reported only in the general fund.

Noncurrent Liabilities:

Noncurrent liabilities include estimated amounts for accrued compensated absences and other postemployment benefits that will not be paid within the next year.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance: (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Council considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Council considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Council has provided otherwise in its commitment or assignment actions. The Council does not have a formal minimum fund balance policy.

Net Position:

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

- *Net investment in capital assets* consists of the Council's total investment in capital assets, net of accumulated depreciation.
- *Restricted* consists of resources restricted by external sources such as creditors, grantors, contributors, or by law.
- *Unrestricted* consists of resources derived from state appropriations, interest earnings, and other miscellaneous sources. These resources are used for transactions relating to general operations of the Council and may be used at its discretion to meet current expenses and for any purpose.

Adoption of New Accounting Policies:

For the year ended June 30, 2014, the following GASB statements were effective, but did not impact the financial statements of the Legislative Budgetary Control Council: GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections*; GASB Statement No. 67, *Financial Reporting for Pension Plans*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

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. 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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

2. CASH IN BANK: (Continued)

At June 30, 2014, the carrying amount of the Legislative Budgetary Control Council's cash account was \$27,321,029, and the bank balance was \$27,389,605. All cash was covered by federal depository insurance or pledged securities held by the Federal Reserve Bank in the name of the Legislative Budgetary Control Council.

3. RETIREMENT SYSTEM:

Plan Description:

Substantially all employees of the Council participate in the Louisiana State Employees' Retirement System (LASERS), considered to be a single-employer defined benefit plan due to a material portion of its activity being with one employer, the State of Louisiana. The pension plan is administered by a separate Board of Trustees. The plan provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute and 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 (225) 922-0600.

Funding Policy:

Plan members of the Legislative Budgetary Control Council, State of Louisiana are required by state statute to contribute 7½% or 8% (depending on their date of hire) 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 31.3% 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 funds the employer contribution through the annual legislative appropriation. The Council's employer contributions to LASERS for the years ended June 30, 2014, 2013 and 2012, which were equal to the required contributions for each year, were \$61,888; \$74,633; and \$74,321, respectively.

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Substantially all Council employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the Council. The Legislative Budgetary Control Council offers its employees the opportunity to participate in one of two medical coverage plans. One offering is from the State Office of Group Benefits (OGB) which also offers a life insurance plan, and the other is with the LSU System Health Plan. Information about each of these two plans is presented below.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

PLAN DESCRIPTIONS:

LSU System Health Plan:

The Legislative Budgetary Control Council is one of a limited number of state agencies that may participate in the LSU System Health Plan. The state agency participation is not material and, as such, the plan is identified as a single-employer defined benefit healthcare plan that is not administered as a trust or equivalent arrangement. The Health Plan offers eligible employees, retirees, and their eligible dependents the opportunity to participate in comprehensive health and preventive care coverage that gives members a unique, consumer-driven health-care approach to pay routine health expenses and provides coverage for major healthcare expenses. Within the Health Plan members have a choice of selecting LSU First Option 1 or LSU First Option 2. Option 1 is more costly, but features both lower yearly deductibles and out-of-network coinsurance requirements.

The LSU System Health Plan selects claim and pharmaceutical administrators to administer its program. Both claim and pharmacy administrators are selected through a formal Request for Proposals process followed by negotiations between the System and qualified vendors.

The LSU System Health Plan originally began as a pilot program within the State Office of Group Benefits (OGB), the office that provides health benefits to state employees. The Health Plan does not issue a publicly available financial report, but it is included in the LSU System's audited Financial Report. The Financial Report may be obtained from the LSU System's website at <http://www.lsusystem.edu/>.

State OGB Plan:

Legislative Budgetary Control Council's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a cost-sharing, multiple-employer defined benefit plan, but classified an agent multiple-employer defined benefit OPEB Plan for financial reporting purposes since the plan is not administered as a formal trust. The OPEB Plan provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. R.S. 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

FUNDING POLICIES

LSU System Health Plan:

While actuarially determined, the plan rates must be approved by OGB under R.S. 42:851(b). Plan rates are in effect for one year and members have the opportunity to switch providers during the open enrollment period which usually occurs in October.

The plan is financed on a pay as you go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits. This expense includes all expected claims and related expenses and is offset by retiree contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

Depending upon the Option selected, during the year ended June 30, 2014, employee premiums for a single member receiving benefits range from \$74 to \$85 per month for retiree-only coverage with Medicare or from \$126 to \$141 per month for retiree-only coverage without Medicare. The premiums for the year ended June 30, 2014 for a retiree and spouse range from \$131 to \$302 per month for those with Medicare or from \$356 to \$409 per month for those without Medicare.

The Legislative Budgetary Control Council contributed anywhere from \$220 to \$255 per month for retiree-only coverage with Medicare or from \$888 to \$911 per month for retiree-only coverage without Medicare during the year ended June 30, 2014. Also, the Legislative Budgetary Control Council's contributions ranged from \$392 to \$905 per month for retiree and spouse with Medicare or \$1,399 for retiree and spouse without Medicare.

State OGB Plan:

The contribution requirements of plan members and the Council are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. The OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, and the Medical Home HMO (MH-HMO). The OGB also offers a Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA). Retired employees who have Medicare Part A and Part B coverage also have access to OGB Medicare Advantage plans, which are offered on a calendar year basis. During both years, there were two HMO plans offered by different companies. Depending upon the plan selected, during fiscal year 2014, employee premiums for a single member receiving benefits range from \$83 to \$96 per month for employee-only coverage with Medicare or from \$134 to \$148 per month for employee-only coverage without Medicare. The premiums for an employee and spouse for the year ended June 30, 2014 range from \$148 to \$316 per month for those with Medicare or from \$434 to \$459 per month for those without Medicare.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

FUNDING POLICIES: (Continued)

State OGB Plan: (Continued)

The plan is currently financed on a pay as you go basis, with the Legislative Budgetary Control Council contributing anywhere from \$248 to \$257 per month for retiree-only coverage with Medicare or from \$864 to \$911 per month for retiree-only coverage without Medicare during fiscal year 2014. Also, the Legislative Budgetary Control Council contributions range from \$444 to \$948 per month for retiree and spouse with Medicare or \$1,327 to \$1,399 for retiree and spouse without Medicare during the year ended June 30, 2014.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays approximately one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death & dismemberment coverage ceasing at age 70 for retirees. Spouse life insurance is also available.

ANNUAL OPEB COST:

The Legislative Budgetary Control Council's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year beginning July 1, 2013 was \$25,409.

The following table presents the Legislative Budgetary Control Council's OPEB Obligation for year ended June 30, 2014. The table shows the components of each plan's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan, and changes in the plan's net OPEB obligation to the retiree health plan:

	<u>Office of Group Benefits Plan</u>	<u>LSU System Health Plan</u>	<u>Total</u>
Annual required contribution (ARC)	\$ 5,600	\$ 19,809	\$ 25,409
Interest on net OPEB obligation	--	4,575	4,575
ARC adjustment	<u>(3,497)</u>	<u>(3,810)</u>	<u>(7,307)</u>
Annual OPEB Cost (expense)	2,103	20,574	22,677
Contributions made	<u>(14,209)</u>	<u>--</u>	<u>(14,209)</u>
Increase in Net OPEB Obligation/(Asset)	(12,106)	20,574	8,468
Beginning Net OPEB Obligation/(Asset)	<u>(44,917)</u>	<u>107,652</u>	<u>62,735</u>
Ending Net OPEB Obligation/(Asset)	<u>\$ (57,023)</u>	<u>\$ 128,226</u>	<u>\$ 71,203</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

ANNUAL OPEB COST: (Continued)

The Legislative Budgetary Control Council's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligation/(asset) for the fiscal year ended June 30, 2014, and the preceding two fiscal years were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation/(Asset)</u>
<u>OGB</u>			
June 30, 2014	\$ 2,103	675.5%	\$ (57,023)
June 30, 2013	6,037	238.3%	(44,917)
June 30, 2012	3,409	446.1%	(36,567)
<u>LSU</u>			
June 30, 2014	\$ 20,574	0%	\$ 128,226
June 30, 2013	44,315	0%	107,652
June 30, 2012	15,735	0%	63,337

FUNDED STATUS AND FUNDING PROGRESS:

Act 910 of the 2008 Regular Session established the Postemployment Benefits Trust Fund effective July 1, 2008; however, neither the Legislative Budgetary Control Council nor the State of Louisiana has ever made contributions to it. Since the plan has not been funded, the Legislative Budgetary Control Council's entire actuarial accrued liability of \$148,000 for the OGB Plan was unfunded. The LSU System Health Plan does not use a trust fund to administer the financing of the plan and the payment of benefits.

The funded status of the plans, as determined by actuaries as of July 1, 2013, was as follows:

	<u>Office of Group</u> <u>Benefits Plan</u>	<u>LSU System</u> <u>Health Plan</u>
Actuarial accrued liability (AAL)	\$ 148,000	\$ 235,905
Actuarial value of plan assets	--	--
Unfunded actuarial accrued liability (UAAL)	<u>\$ 148,000</u>	<u>\$ 235,905</u>
Funded ratio (actuarial value of plan assets/AAL)	0%	0%
Covered payroll (annual payroll of active employees covered by the plans)	N/A	\$ 154,320
UAAL as a percentage of covered payroll	N/A	152.87%

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

4. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS: (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

A summary of the actuarial assumptions is presented below:

	<u>LSU System Health Plan</u>	<u>State OGB Plan</u>
Actuarial valuation date	July 1, 2013	July 1, 2013
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percentage of payroll	Level percentage of payroll
Amortization period	30 years	30 years
Asset valuation method	none	none
Actuarial assumptions:		
Investment rate of return	4.25% annual rate	4.00% annual rate
Projected salary increases	4.00% per annum	3.00% per annum
Healthcare inflation rate	8.50%	6.00-8.00%
	4.50% ultimate	4.50% ultimate

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.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

5. LITIGATION, CLAIMS AND SIMILAR CONTINGENCIES: (Continued)

At June 30, 2014, the Council was not involved in any lawsuits or threatened litigations.

6. PROFESSIONAL SERVICES:

Professional services include the following professional fees:

Public Systems Associates (computer services)	\$ 4,820,088
Custom Accounting Solutions (computer support)	14,244
Louisiana Public Broadcasting (satellite transmission services)	82,960
Duplantier, Hrapmann, Hogan & Maher, LLP (auditing)	34,400
Office of Sponsored Programs (cooperative endeavor agreement)	85,000
Swagit Productions (video streaming services)	<u>25,011</u>
	<u>\$ 5,061,703</u>

7. DEFERRED COMPENSATION PLAN:

Certain employees of the Legislative Budgetary Control Council participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

8. INTERAGENCY TRANSFERS:

Transfers Out:

Amounts paid to other governmental units during the year ended June 30, 2014, consist of the following:

	<u>Office Operations</u>	<u>Capital Outlay</u>	<u>Personnel Services</u>	<u>Total</u>
House of Representatives	\$ 1,616,430	\$ 109,892	\$ 249,915	\$ 1,976,237
Senate	<u>1,056,877</u>	<u>218,860</u>	--	<u>1,275,737</u>
	<u>\$ 2,673,307</u>	<u>\$ 328,752</u>	<u>\$ 249,915</u>	<u>\$ 3,251,974</u>

Amounts due to other legislative agencies at June 30, 2014 consist of the following:

Due to House of Representatives	\$ 86,924
Due to Senate	<u>25,026</u>
	<u>\$ 111,950</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

9. 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.

10. RECONCILIATION:

The Statement of Net Position and Statement of Activities present the Legislative Budgetary Control Council's fund balance/net position from a fund perspective and an entity-wide perspective, using the current financial resources focus for the fund balance and the economic resources measurement focus for net position. The amounts are reconciled as follows:

Fund Balance, June 30, 2014	\$ 28,411,601
Compensated absences	(25,993)
Other postemployment benefits payable	<u>(71,203)</u>
Net Position, June 30, 2014	<u>\$ 28,314,405</u>

11. ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

12. UNWARRANTED APPROPRIATIONS:

The unwarranted appropriation and appropriation authorized and collected during the year are summarized as follows:

	Total Appropriation <u>Authorized</u>	Unwarranted Appropriation as of <u>June 30, 2013</u>	Appropriation Authorized for the year ended <u>June 30, 2014</u>	Funds Collected in the year ended <u>June 30, 2014</u>	Unwarranted Appropriation as of <u>June 30, 2014</u>
Act 606, 1979 R.S.	\$ 610,000	\$ 610,000	\$ --	\$ --	\$ 610,000
Act 744, 1985 R.S.	140,000	140,000	--	--	140,000
Act 26, 2005 R.S.	2,100,000	543,547	--	--	543,547
Act 22, 2011 R.S.	11,000,000	752,752	4,000,000	4,752,752	--
Act 74, 2013 R.S.	8,149,643	--	8,149,643	8,149,643	--
Act 74, 2013 R.S.	5,805,271	<u>--</u>	<u>5,805,271</u>	<u>5,805,271</u>	<u>--</u>
		<u>\$ 2,046,299</u>	<u>\$ 17,954,914</u>	<u>\$ 18,707,666</u>	<u>\$ 1,293,547</u>

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

13. RISK MANAGEMENT:

The Legislative Budgetary Control Council limits its exposure to risk of loss through the Office of Risk Management, a statewide insurance program. Through the payment of premiums to the program, the Legislative Budgetary Control Council transfers the risk of loss from theft, torts, damage to and destruction of assets, workers' compensation, errors and omissions, and natural disasters.

14. FUND BALANCE:

As of June 30, 2014, the Legislative Budgetary Control Council has an unassigned balance of \$27,020,858. The fund balance also includes amounts classified as restricted and assigned for the following purposes:

Restricted:	
Future capital outlay and renovations	\$ 1,293,547
Total restricted fund balance	<u>\$ 1,293,547</u>
Assigned:	
Other post-employment benefits obligation	\$ 71,203
Compensated absences obligation	<u>25,993</u>
Total assigned fund balance	<u>\$ 97,196</u>

REQUIRED SUPPLEMENTARY INFORMATION

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Actual Amounts			Budgeted Amounts	
	GAAP Basis	GAAP to Budget Differences Over (Under)	Budgetary Basis	Original	Final
REVENUES:					
State appropriations	\$ 17,954,914	\$ -	\$ 17,954,914	\$ 8,149,643	\$ 8,149,643
Interest	50,105	-	50,105	-	-
Other	6,968	-	6,968	-	-
Reappropriated fund balance (1)	-	25,248,739 (1)	25,248,739	25,248,739	25,248,739
Total revenues	<u>18,011,987</u>	<u>25,248,739</u>	<u>43,260,726</u>	<u>33,398,382</u>	<u>33,398,382</u>
EXPENDITURES/EXPENSES:					
Personnel services	311,535	(385) (2)	311,150	440,228	440,228
Operating services	1,164,466	-	1,164,466	1,554,058	1,554,058
Supplies	339,377	-	339,377	275,000	275,000
Professional services	5,061,703	-	5,061,703	5,646,124	5,646,124
Capital outlay	4,714,392	-	4,714,392	234,233	234,233
Total expenditures/expenses	<u>11,591,473</u>	<u>(385)</u>	<u>11,591,088</u>	<u>8,149,643</u>	<u>8,149,643</u>
Excess of revenues over expenditures/expenses	6,420,514	25,249,124	31,669,638	25,248,739	25,248,739
OTHER FINANCING USES:					
Interagency transfers out	<u>(3,251,974)</u>	-	<u>(3,251,974)</u>	-	-
Total other financing uses	<u>(3,251,974)</u>	-	<u>(3,251,974)</u>	-	-
Net change in fund balance	3,168,540	25,249,124	28,417,664	25,248,739	25,248,739
Fund balances - beginning	25,243,061	5,678 (3)	25,248,739	995,908	995,908
Less reappropriated fund balance	-	(25,248,739) (1)	(25,248,739)	(25,248,739)	(25,248,739)
Fund balances - ending	<u>\$ 28,411,601</u>	<u>\$ 6,063</u>	<u>\$ 28,417,664</u>	<u>\$ 995,908</u>	<u>\$ 995,908</u>

Explanation of differences:

- (1) Budgets include reappropriated fund balances carried over from prior years to cover expenditures of the current year. The results of operations on a GAAP basis do not recognize these amounts as revenue since they represent prior period's excess of revenues over expenditures.
- (2) Personnel services and related benefits are budgeted only to the extent expected to be paid, rather than on the modified accrual basis.
- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the budget. (See Note 1 for a description of the Council's budgetary accounting method.) This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFIT PLANS
FOR THE YEAR ENDED JUNE 30, 2014

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Office of Group Benefits Plan	7/1/2011	\$ --	\$ 82,100	\$ 82,100	0%	N/A	N/A
LSU System Health Plan	7/1/2011	\$ --	\$ 81,221	\$ 81,221	0%	\$ 247,584	32.81%
Office of Group Benefits Plan	7/1/2012	\$ --	\$ 154,300	\$ 154,300	0%	N/A	N/A
LSU System Health Plan	7/1/2012	\$ --	\$ 552,204	\$ 552,204	0%	\$ 235,543	234.44%
Office of Group Benefits Plan	7/1/2013	\$ --	\$ 148,000	\$ 148,000	0%	N/A	N/A
LSU System Health Plan	7/1/2013	\$ --	\$ 235,905	\$ 235,905	0%	\$ 154,320	152.87%



DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

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WILLIAM R. HOGAN, JR., CPA (1920-1996)
JAMES MAHER, JR, C.P.A. (1921-1999)

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

November 24, 2014

Honorable John A. Alario, Jr., Co-Chair
Honorable Charles E. Kleckley, Co-Chair
Legislative Budgetary Control Council
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Legislative Budgetary Control Council, State of Louisiana's basic financial statements, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Legislative Budgetary Control Council, State of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Legislative Budgetary Control Council, State of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Legislative Budgetary Control Council, State of Louisiana's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Legislative Budgetary Control Council, State of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving internal control and its operation that we have reported to management in a separate letter dated November 24, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

LEGISLATIVE BUDGETARY CONTROL COUNCIL
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Legislative Budgetary Control Council for the year ended June 30, 2014 was unmodified.
2. Compliance and Other Matters
Noncompliance material to financial statements: none noted
3. Internal Control
Material weaknesses: none noted
Significant deficiencies: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER AUDITING STANDARDS
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None

WILLIAM G. STAMM, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A.
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVIICH, C.P.A.
TERRI L. KITTO, C.P.A.



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FELIX J. HRAPMANN, JR., C.P.A. (1919-1990)
WILLIAM R. HOGAN, JR., C.P.A. (1920-1996)
JAMES MAHER, JR., C.P.A. (1921-1999)
November 24, 2014

Legislative Leadership
Honorable John A. Alario, Jr.,
President of the Senate
And Honorable Charles E. Kleckley,
Speaker of the House of Representatives
State of Louisiana
P.O Box 94183
Baton Rouge, LA 70804

In planning and performing our audit of the financial statements of the governmental activities and the major fund of the Legislative Budgetary Control Council, State of Louisiana, as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

During our audit, we became aware of a matter that is an opportunity for the strengthening of internal controls and operating efficiency. The section below summarizes our comment and our suggestion regarding this matter. This letter does not affect our report dated November 24, 2014, on the financial statements of the Legislative Budgetary Control Council, State of Louisiana.

2014-01 EMPLOYEE TIMESHEETS

Finding

Our audit procedures included gaining an understanding of the payroll system. During our payroll testing, we noted the following: instances in which a timesheet was not signed by an employee, instances in which timesheets were not turned in to the Human Resource Manager on a timely basis, and instances in which an employee timesheet did not contain documentation of approval by the necessary personnel.

Since timesheets are the source document supporting the Council's payroll expenses, we recommend that employees be required to sign the timesheets and submit them for approval to the Human Resource Manager in a timely manner. We also recommend that the supervisors or managers, who will generally be knowledgeable about their employees' attendance, hours, and work assignments during the pay period, should sign each timesheet indicating review and approval of hours worked.

2014-01 EMPLOYEE TIMESHEETS (Continued)

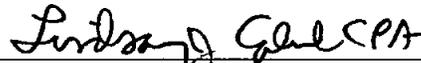
Management's Corrective Action Plan

The Council intends to have its Human Resource Manager obtain employee timesheets in a timely manner for each pay period and verify that appropriate documentation of employee and supervisor or manager signatures are contained on employee timesheets.

We will review the status of these comments during our next engagement. We have already discussed this comment and suggestions with various Council personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,

DUPLANTIER, HRAPMANN, HOGAN & MAHER, LLP



Lindsay J. Club, CPA
Partner

LJC/ct