LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
GOVERNOR'S OFFICE
STATE OF LOUISIANA

FINANCIAL REPORT

December 31, 2022

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

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LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

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Provost Salter Harper & Alford LLC
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INDEPENDENT AUDITOR'S REPORT

Governor's Office and Board of Directors
Louisiana State Licensing Board for Contractors
State of Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Louisiana State Licensing Board for Contractors, a component unit of the State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Louisiana State Licensing Board for Contractors as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana State Licensing Board for Contractors, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Louisiana State Licensing Board for Contractors implemented Government Accounting Standards Board Statement No. 87, *Leases,* for the year ended December 31, 2022. As a result, the Board now recognizes certain lease assets, liabilities, and lease amortization for leases that were previously classified as operating leases and rent expense. The implementation was applied retroactively however no prior period balances were affected. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Louisiana State Licensing Board for Contractors' management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana State Licensing Board for Contractors' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Louisiana State Licensing Board for Contractors' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Louisiana State Licensing Board for Contractors' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net OBEP liability and related ratios, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements. The schedule of per diem paid board members on schedule 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to agency head on schedule 5 is presented to comply with the requirements issued by the State of Louisiana and is not a required part of the basic financial statements.

The schedule of per diem paid board members and the schedule of compensation, benefits and other payments to agency head 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 schedule of per diem paid board members and the schedule of compensation, benefits and other payments to agency head are 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 April 21, 2023 on our consideration of the Louisiana State Licensing Board for Contractors' 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 solely 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 the effectiveness of 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 Louisiana State Licensing Board for Contractors' internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper & Alford, LLC

April 21, 2023
Baton Rouge, Louisiana

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Louisiana State Licensing Board for Contractors' (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended December 31, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

The Board's total net position(deficit) decreased by $787,254 or 63.5%.

The operating revenues of the Board increased $308,477 or 4.5%.

The non-operating revenues of the Board decreased $1,778 or 18.4%.

The operating expenses of the Board increased $1,251,923 or 24.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, as may be applicable, and the Board includes schedules of Board Members' Per Diem and Compensation, Benefits and Other Payments to Agency Head as Other Supplementary Information. Other than the MD&A, the Board's required supplementary information includes the Schedules of Changes in Net OPEB Liability and Related Ratios, Employer's Proportionate Share of the Net Pension Liability, and Employer's Pension Contributions. These reports fulfill the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis-for State and Local Governments.*

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

The basic financial statements of the Board present information about the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows and related notes to the financial statements.

The Statement of Net Position (Statement A) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Louisiana State Licensing Board for Contractors is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position (Statement B) presents information on how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (Statement C) presents information on how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis

The following presents condensed financial information on the operations of the Board:

	Current Year as of and for the year ended December 31, 2022		Prior Year as of and for the year ended December 31, 2021	
Current assets	$	**11,333,955**	$	10,259,546
Capital assets, net		**9,456,819**		9,526,823
Right-of-use lease assets, net		**82,689**		-
Total assets		**20,873,463**		19,786,369
Deferred outflows		**2,384,694**		1,364,437
Current liabilities		**6,634,759**		6,502,617
Noncurrent liabilities		**16,423,312**		13,404,971
Total liabilities		**23,058,071**		19,907,588
Deferred inflows		**652,515**		2,482,902
Net investment in capital assets		**9,456,819**		9,526,823
Unrestricted		**(9,909,249)**		(10,766,507)
Total net position (deficit)	$	**(452,430)**	$	(1,239,684)
Operating revenues	$	**7,090,497**	$	6,782,020
Operating expenses		**6,311,117**		5,059,194
Operating income (loss)		**779,380**		1,722,826
Non-operating revenues & expenses		**7,874**		9,652
Change in net position	$	**787,254**	$	1,732,478

CAPITAL ASSETS, INTANGIBLE ASSETS, AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets as of December 31, 2022, amounts to $9,456,819 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and operating facilities, office furniture and equipment, and vehicles. The total decrease in the Board's investment in capital assets for the current fiscal year was .7%.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTOR'S CAPITAL ASSETS
(net of accumulated depreciation)

	2022	2021
Land and improvements	$ 2,258,450	$ 2,258,450
Buildings and operating facilities	6,913,016	7,102,847
Office, furniture and equipment	140,415	165,526
Construction in progress	144,938	-
	$ 9,456,819	$ 9,526,823

Additional information on the Board's capital assets can be found in note 4 of the financial statements.

Intangible Assets

The Board adopted GASB Statement 87, *Leases,* in the current year as required by GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance,* which deferred mandatory adoption until fiscal years beginning after June 15, 2021.

The Board has several leases for office equipment. GASB Statement 87, *Leases*, required the Board to recognize the leases as intangible assets and corresponding lease liabilities at the beginning of the fiscal year. The assets and liabilities were recorded at the present value of the lease payments for the remainder of the lease term. Subsequent monthly rent payments will reduce the lease liabilities while also reflecting interest and amortization expenses.

Long Term Obligations

The Board has not financed purchases or activities through external borrowing or incurring debt, and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees as well as liabilities recorded for other postemployment benefits and net pension liability, which are described in the notes to the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

The Louisiana State Licensing Board for Contractors (LSLBC) was created in 1956 to protect the public from fraudulent, inexperienced, and incompetent contractors. Its authority includes the monitoring of construction projects to ensure compliance with licensing requirements. Through its regulation and enforcement of contractor licensing laws, the LSLBC promotes integrity in the construction industry. This role ensures a level playing field for companies licensed to do business in Louisiana.

Licensed and professional contractors carry all requirements of state and federal laws. Unfortunately, the unlicensed, unscrupulous scam artists do not and cause severe damage and financial losses to our consumers and state. Consumers and business owners have the responsibility to check references and verify licensure before hiring a contractor. Cheap prices that sound too good to be true, with no written contract, are clear warning signs for contractor fraud. Partnerships and cooperative efforts with permit offices, as well as state and local law enforcement, lead to a systemic response in serving the public.

LSLBC maintains as top priorities customer service and a continued effort to work toward efficiencies and simplification in serving licensed contractors.

Louisiana's recovery from the COVID-19 shutdown continues to lag behind other states due to the impact of numerous natural disasters and the slow rebound of the tourism industry. The State now faces a national recession, which is predicted to occur over the first three quarters of the calendar year 2023.

Historically, national recessions do not hit Louisiana as hard as other states. This is due to a small durable goods manufacturing base, which makes up only 3.2% of Louisiana's employment compared to the national average of 5.2%. In past national recessions, the State's employment rate has continued to grow if the fossil fuel industry was doing well. Conversely, when the fossil fuel industry has struggled during a recession, the State's employment has fallen.
Along with the uncertainty of a national recession, it is important to note that the State has yet to fully recover all of the jobs lost due to the COVID shutdown, regaining only 68% of lost jobs through June 2022. The tourism industry has been very slow to recover due to lingering COVID restrictions and fears of the virus.

During this recovery period, the State has endured three major hurricanes (Laura, Delta, and Ida), Winter Storm Uri, and flooding events which have led to a significantly weaker economic performance. The hurricanes caused significant job losses in the impacted areas of Lake Charles, Houma, Hammond, and New Orleans.

Management's Discussion and Analysis

Due to the national recession, the State is projected to add only 14,300 jobs in 2023 (+0.8%) and a more standard 30,800 jobs in 2024 (+1.6%). Based on these projections, employment in 2024 will remain 38,000 jobs below the old 2019 record reached prior to the pandemic.

This year's projections are made in the face of considerable uncertainty. Federal Reserve actions to curb inflation are likely to tip the U.S. economy into a short, shallow recession in 2023. Louisiana employment is expected to grow modestly through the recession, but this is partly due to most areas simply regaining jobs lost as a result of COVID and the hurricanes.

The economic forecast projects that oil prices will settle in the $80 per barrel range and natural gas prices will remain near $8 per MMBtu in 2023 before dropping to around $5 per MMBtu in 2024. These assumptions are largely based on anticipated impacts of the Russia-Ukraine War, including increased liquefied natural gas (LNG) demand from Europe and a possible end to the war.

NEXT YEAR'S BUDGET

The budget continues the LSLBC's tradition of providing high quality services to the public while prudently managing the public's funds. Our goal in preparing this budget has been to make recommendations consistent with our long-term priorities and to be fiscally responsible to the individuals we serve.

Given the relatively unknown outlook in the economy due to the pandemic, we expect a change in the revenue budget next year- increasing 5% below last year. The proposed budget reflects increases from the 2022 actual revenues to adapt to our ever-changing economy.

Expenditures in salaries have increased 5% due to market adjustment pay increases. A continuing pressure on our budget is the cost of benefits, including healthcare and retirement for employees and retirees. The 2023 contribution costs of related benefits primarily associated with group health insurance and retirement will remain relatively consistent with 2022 costs.

Throughout these challenging times, the LSLBC's workforce has continued to provide quality services to the public. I am confident this commitment will continue over the coming year as we adapt to the ongoing state of flux in our economy. I want to thank the Board and our Administration for their leadership, collaboration and support. I also would like to recognize my staff for their contributions and dedication throughout the budgeting process.

The information for the economic conditions and outlook section of this letter is from The Louisiana Economic Forecast: State and MSAs 2022 and 2023, by Loren C. Scott and Associates; published in October 2021.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Louisiana State Licensing Board for Contractors, 600 North St., Baton Rouge, LA 70802.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Statement of Net Position — ***December 31, 2022***

ASSETS	
Current Assets	
Cash and cash equivalents	$ 10,721,113
Investments	521,105
Other current assets	91,737
Total current assets	11,333,955
Noncurrent Assets	
Property and equipment, net of accumulated depreciation of $1,133,095	9,456,819
Right-to-Use Lease Assets, net of accumulated amortization of $9,961	82,689
Total noncurrent assets	9,539,508
Total Assets	20,873,463
Deferred Outflows of Resources	2,384,694
LIABILITIES	
Current Liabilities	
Accounts payable	1,772,220
Refunds payable	24,081
Due to Contractor's Educational Trust Fund	464,641
Unearned revenues	4,240,591
Current portion of long-term liabilities:	
Compensated absences payable	103,063
Lease liability	30,163
Total current portion of long-term liabilities	133,226
Total current liabilities	6,634,759
Noncurrent Liabilities	
Noncurrent compensated absences	237,870
Lease liability	52,883
Other postemployment benefits	6,785,619
Net pension liability	9,346,940
Total noncurrent liabilities	16,423,312
Total Liabilities	23,058,071
Deferred Inflows of Resources	652,515
Total Liabilities and deferred inflow of resources	23,710,586
NET POSITION (DEFICIT)	
Net investment in capital assets	9,456,819
Unrestricted	(9,909,249)
Total net position (deficit)	$ (452,430)

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Statement of Revenues, Expenses and Changes in Net Position — ***Year Ended December 31, 2022***

Operating Revenues		
Licenses, permits and fees	$	7,090,497
Operating Expenses		
Personal services		4,706,221
Enforcement mileage reimbursement		135,559
Travel		69,562
Operating services		789,356
Supplies		177,953
Professional services		188,754
Depreciation		233,735
Amortization expense		9,961
Repairs and maintenance		16
Total operating expenses		6,311,117
Operating Income/(Loss)		779,380
Non-Operating Revenues and (Expenses)		
Investment income		8,656
Interest expense		(782)
Total non-operating revenues and (expenses)		7,874
Change in Net Position		787,254
Total Net Position, Beginning		(1,239,684)
Total Net Position, Ending	$	(452,430)

See Notes to Financial Statements.

Statement C

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Statement of Cash Flows *Year Ended December 31, 2022*

Cash Flows From Operating Activities:	
Cash received from licensees and applicants	$ 7,178,181
Cash received on behalf of others	464,641
Cash paid for agency liabilities	(376,716)
Cash paid to employees for services	(4,589,336)
Cash paid to suppliers for goods and services	(1,379,749)
Net Cash Provided By (Used In) Operating Activities	1,297,021
Cash Flows From Investing Activities	
Purchase of equipment	(163,731)
Payments for right-to-use leased assets	(10,386)
Purchase of investments	(8,657)
Interest received on investments	8,656
Net Cash Provided By (Used In) Investing Activities	(174,118)
Net Increase (Decrease) In Cash And Cash Equivalents	1,122,903
Cash and Cash Equivalents	
Beginning of year	9,598,211
End of year	$ 10,721,114
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating income (loss)	$ 779,380
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	233,735
Right-to-use lease amortization	9,961
(Increase) decrease in assets:	
Other current assets	57,152
Deferred outflows	(1,020,257)
Increase (decrease) in liabilities:	
Compensated absences payable	1,727
Refunds payable	6,429
Accounts payable	(75,701)
Unearned revenue	81,255
Due to Contractor's Educational Trust Fund	87,925
OPEB	495,915
Pension expense	2,469,887
Deferred inflows	(1,830,387)
Net Cash Provided By (Used In) Operating Activities	$ 1,297,021
Non Cash Investing, Capital, and Financing Activities	
Addition of right-to-use leased asset	$ 92,650

See Notes to Financial Statements.

1. INTRODUCTION

The Louisiana State Licensing Board for Contractors (Board) is a component unit of the State of Louisiana created within the Governor's office, as provided by Louisiana Revised Statute (R.S.) 37:2151. The Board is statutorily composed of 19 members appointed by the Governor, who serve terms of two to six years. In addition, the Residential Building Contractors Subcommittee consist of 5 members appointed by the Governor and 2 ex officio members, the Chairman and Vice Chairman, appointed by the Louisiana State Licensing Board of Contractors. The Board is charged with the responsibility of licensing and regulating contractors doing business in the state of Louisiana. In addition, it is responsible for the health, safety, and general welfare of all contractees and the affording of such persons of an effective and practical protection against incompetent, inexperienced, unlawful, and/or fraudulent acts of contractors. Furthermore, legislative intent is that the Board shall monitor construction projects to ensure compliance with the licensure requirements. The Board's operations are financed with self-generated revenues, such as license, examination, and other related fees. As of December 31, 2022, there were approximately 27,761 licensed contractors in the state. The Board has 47 full-time employees.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Reporting Entity. GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit (enterprise fund) of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the Board members, and public service is rendered within the state's boundaries. The accompanying financial statements present information only as to the transactions and the activities of the Board.

Fund Accounting. All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

The Board uses the following practices in recording revenues and expenses:

Revenues

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expenses

Expenses are generally recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Unearned Revenues

Unearned revenues arise when potential revenues are collected or received prior to being earned.

Agency Transactions

The Board acts as an agent for certain transactions relative to the Contractor's Educational Trust Fund and optional contributions to Louisiana Universities. When acting in this capacity, they do not treat the receipt of funds as revenue, nor do they record an expenditure when they disburse the assets to the recipient. Instead, they act as a go-between.

Cash and Cash Equivalents. Cash and cash equivalents include petty cash, demand deposits, and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities extending beyond 90 days are considered certificates of deposit.

Under state law, the Board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principle offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificates of accounts of federal or state chartered credit unions.

Cash and cash equivalents are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) 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 or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2022, the Board has $10,713,582 in deposits (collected bank balances). These deposits are secured from risk by $250,000 of federal deposit insurance and $10,672,854 of pledged securities.

Investments. Short-term investments are stated at amortized cost, which approximates market value.

Capital Assets. Capital assets consist of office and computer equipment, vehicles and the office building and are capitalized at historical costs. These assets, net of accumulated depreciation, are included on the Statement of Net Position. The Board follows the Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. However, according to the Office of Statewide Reporting and Accounting Policy's instructions, only equipment valued at or over $5,000 and computer software valued at or over $1,000,000 are capitalized and depreciated for financial statement purposes. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.
The useful lives are as follows:

Computer equipment	5 years
Office furniture and equipment	6-10 years
Vehicles	5 years
Buildings and building improvements	7-40 years

Land improvements	20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Adoption of New Accounting Principles. During the fiscal year ended December 31, 2022, the Board implemented GASB Statement. No. 87, *Leases*, requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. There was no effect on prior period balances. Further information on GASB 87 is presented in Note 4.

Long-term Obligations. Long term obligations at December 31, 2022 include compensated absences, other post-employment benefit obligations and pension liabilities that will not be paid within the next fiscal year.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System (LASERS) and additions to/deductions from LASERS fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employee Compensated Absences. Employees of the Board earn and accumulate annual and sick leave at varying rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Upon separation or transfer, unused compensatory leave earned hour for hour by non-exempt employees shall be paid in accordance with the following schedule, at the final regular rate received by the employee, calculated in accordance with State Civil Service Rule 21.5(a). All additional such unused leave may be paid or cancelled and shall not be re-credited to him upon his reemployment in that or any other department.

360 hours must be paid after January 1, 2003
450 hours must be paid after January 1, 2004
All hours must be paid after January 1, 2005

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statement in the period in which the leave is earned.

Net Position. Net position comprises the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following two components as applicable:

Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted consists of all other net assets that are not invested in capital assets.

Estimates. The preparation of financial statements in conformity with generally accepted 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Outflows of Resources and Deferred Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expenses) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Subsequent Events. In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through April 21, 2023, which is the date the financial statements were available to be issued.

2. Deficit Net Position

The single proprietary (enterprise) fund had a deficit in unrestricted net position at December 31, 2022 of ($452,430). The deficit was caused by the adoption of GASB 68 and GASB 75 which caused the Board to record its proportionate share of pension liability from the LASERS system and its proportionate share of other postemployment benefits. This deficit will be eliminated by increasing revenues and/or reducing expenditures.

3. Deposits and Investments

Deposits. At December 31, 2022, the Board has deposits totaling $10,721,113 (book balances) as follows:

Petty cash	$ **400**
Demand deposits	**10,720,713**
Total	**$ 10,721,113**

Investments. The Licensing Board is subject to the provisions of Louisiana Revised Statute 33:2955, which is entitled "Investments by political subdivisions." This law, among other things, outlines the types of securities that public entities in Louisiana may acquire and hold as investments. These include U.S. Government and agency securities, and certificates of deposit of banks domiciled or having a branch office in the state of Louisiana. The Licensing Board only has investments in LAMP.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The following table provides information on the credit ratings, maturity dates, and fair values associated with the Board's investments at December 31, 2022:

	Rating	Maturity Dates	
Louisiana Asset Management Pool	AAAm	N/A	$ **521,105**

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.

- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 52 days as of December 31, 2022.

- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Capital and Right-to-Use Leased Assets

A summary of changes in property and equipment and right-to-use leased assets for the year ended December 31, 2022 is as follows:

	Beginning of Year	Additions	Reductions	End of Year
Capital Assets:				
Land and improvements	$ 2,258,450	$ -	$ -	$ 2,258,450
Buildings and operating facilities	7,593,243	-	-	7,593,243
Office, furniture and equipment	510,521	18,793	-	529,314
Vehicles	63,969			63,969
Construction in progress	-	144,938		144,938
	10,426,183	163,731	-	10,589,914
Less accumulated depreciation	899,360	233,735		1,133,095
Total Capital Assets, net	9,526,823	(70,004)	-	9,456,819
Right-To-Use Lease Assets				
Office equipment	-	92,650	-	92,650
Less accumulated amortization	-	9,961	-	9,961
Total Right-To-Use Lease Assets, net	-	82,689	-	82,689
Total Capital and Right-to-Use Leased Assets, net	$ 9,526,823	$ 12,685	$ -	$ 9,539,508

Amortization of the right-to-use leased assets is computed by the straight-line method over the estimated contract period. Amortization of the right-to-use leased assets was $9,961 for the year ended December 31, 2022 and reported within amortization expenses under operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

The Board entered into an agreement to lease multifunctional printers. The term of the lease is from October 1, 2022, through September 30, 2025. The lease provides for a monthly payment of $1,945. The Board also entered into an agreement to lease a postage machine. The term of the lease is from July 1, 2022 through June 30, 2025. The lease provides for quarterly payments of $2,275.

The incremental borrowing rate on the GASB 87, *Leases* transition date for the multifunctional printers and postage machine was 4.12% and 2.85%, respectively. The following schedule summarizes the future principal and interest requirements for the leased office equipment at December 31, 2022:

Fiscal Year Ending	Principal	Interest	Total
2023	$ 30,163	$ 2,280	$ 32,443
2024	31,140	1,303	32,443
2025	21,743	313	22,056
Total	$ 83,046	$ 3,896	$ 86,942

5. Pension Plan

Plan Description

Substantially all employees of the Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable services depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that give date. The average rate so determined is to be reduced by a "contingency) adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits

Generally, members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and the children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60 % of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended December 31, 2022 are as follows:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
January 1 - June 30, 2022			
Regular Employees hired before 7/1/2006	Closed	7.5%	39.5%
Regular Employees hired on or after 7/1/2006	Closed	8.0%	39.5%
Regular Employees hired after 1/1/2011	Closed	8.0%	39.5%
Regular Employees hired on or after 7/1/15	Open	8.0%	39.5%
July 1 - December 31, 2022			
Regular Employees hired before 7/1/2006	Closed	7.5%	40.4%
Regular Employees hired on or after 7/1/2006	Closed	8.0%	40.4%
Regular Employees hired after 1/1/2011	Closed	8.0%	40.4%
Regular Employees hired on or after 7/1/15	Open	8.0%	40.4%

The Board's contractually required composite contribution rates for the year ended December 31, 2022 are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Board were $1,063,997 for the year ended December 31, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the Employer reported a liability of $9,346,940 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Board's proportion of the Net Pension Liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Board's proportion was .1236%, which was a decrease of .0013% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Board recognized pension expense of $1,238,033 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions $146,159.

At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 25,490	$ -
Changes of assumptions	169,941	-
Net difference between projected and actual earnings on pension plan investments	752,863	-
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	(60,495)
Board contributions subsequent to the measurement date	548,339	-
Total	$ 1,496,633	$ (60,495)

$548,339 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	LASERS
2023	$ 406,502
2024	155,562
2025	(190,377)
2026	516,112

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.25% per annum, net of investment expenses*
Inflation Rate	2.3% per annum
Mortality	**Non-disabled members** – The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. **Disabled members** – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%

	Corrections	3.6%	13.8%
	Hazardous Duty	3.6%	13.8%
	Wildlife	3.6%	13.8%

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

*The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gainsharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore, we conclude that the 7.25% discount is reasonable.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.34% for 2022. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Expected Long-Term Real Rates of Return
Cash	0%	0.39%
Domestic equity	31%	4.57%
International equity	23%	5.76%
Domestic Fixed Income	3%	1.48%
International Fixed Income	17%	5.04%
Alternative Investments	26%	8.30%
Total Fund	100%	5.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.25%) or one percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Board's proportionate share of the net pension liability	$ 11,761,179	$ 9,346,940	$ 7,145,506

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2022 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

Included in accrued expense liabilities is $99,922 payable to the System which was remitted subsequent to December 31, 2022.

6. Postemployment Health Care and Life Insurance Benefits

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees of the Board become eligible for these benefits if they reach normal retirement age of the applicable retirement system while working for the Board and are covered by an active medical plan immediately prior to retirement.

Plan Description. Employees of the Board may participate in the State of Louisiana's OPEB Plan which is administered by the Office of Group Benefits (OGB). OGB offers several standard healthcare plans for both active and retired employees. OGB provides an agent, multiple-employer defined benefit Other Postemployment Benefit (OPEB) Plan that provides medical, prescription drug, and life insurance benefits to eligible retirees and their eligible beneficiaries. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement 75. Participants are eligible for plan benefits if they retire under one of the state retirement systems and are covered by the active medical plan immediately before retirement. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members employer, and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

The OGB does not issue a publicly available financial report of the OPEB Plan; however, the entity is included in the state of Louisiana's Annual Comprehensive Financial Report (ACFR). You may obtain a copy of the ACFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy. The OPEB plan is currently funded on a "pay-as-you-go basis" through a combination of retiree and Board 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. Contribution amounts vary depending on what healthcare provider is selected from the OPEB Plan and if the member has Medicare coverage.

Employees Covered by Benefit Terms. At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	30
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	40
Total	70

Total OPEB Liability

The Board's total OPEB liability of $6,785,618 was measured as of July 01, 2021, and was determined by an actuarial valuation as of that date.

The Board's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the state of Louisiana reporting entity. As of July 1, 2021, the most recent measurement date, the Board's proportion and the change in proportion from the prior measurement date was 0.0746%, or a decrease of 0.0018%.

Actuarial Assumptions and other inputs – The total OPEB liability in the July 01, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	Consistent with the pension valuation assumptions
Prior discount rate	2.66% - Based on the June 30, 2020 S&P 20-year municipal bond index rate
Discount rate	2.18% - Based on the June 30, 2021 S&P 20-year municipal bond index rate
Healthcare cost trend rates	**Post-Medicare:** 5.50% for 2021 - 2023, thereafter decreasing 0.10% per year through 2032, to an ultimate rate of 4.5% for 2033 and later years. **Pre-Medicare:** 7.00% for 2021 - 2023, thereafter decreasing 0.25% per year through 2033, to an ultimate rate of 4.5% for 2033 and later years.

Inflation	2.40%
Salary increases	Consistent with the pension valuation assumptions
Prior discount rate	2.66% - Based on the June 30, 2020 S&P 20-year municipal bond index rate
Discount rate	2.18% - Based on the June 30, 2021 S&P 20-year municipal bond index rate
Healthcare cost trend rates	**Post-Medicare:** 5.50% for 2021 - 2023, thereafter decreasing 0.10% per year through 2032, to an ultimate rate of 4.5% for 2033 and later years. **Pre-Medicare:** 7.00% for 2021 - 2023, thereafter decreasing 0.25% per year through 2033, to an ultimate rate of 4.5% for 2033 and later years.
Healthcare claims cost	Per capita costs for the self-insured plans administered by Blue Cross Blue Shield were based on prescription drug claims for retired participants for the period January 1, 2020 through December 31, 2021 and medical claims for retired participants for the period January 1, 2019 through December 31, 2019, and from January 1, 2021, through December 31, 2021. Claims experience was trended to the valuation date. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2022 premiums adjusted to the valuation date using the trend assumption above. Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the Via Benefits HRA plan, which provides a flat monthly subsidy.
Actuarial cost method	Entry Age Normal, level percentage of pay
Estimated Remaining Service Lives	4.5 years
Basis for Assumptions	The actuarial assumptions used by the four state pension plans covering the same participants were used for the retirement, termination, disability, and salary scale assumptions.

Participant rates	Active employees who do not have current medical coverage are assumed not to participate in the medical plan for retirees. The percentage of employees and their dependents who are currently covered for medical coverage that are assumed to participate in the retiree medical plan is outlined in the table below. This assumption is based on a review of OPEB experience from July 1, 2017, through June 30, 2020. To be eligible for coverage, the participant's coverage must be in effect immediately prior to retirement. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002 are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement.
Life Insuance	Future retirees are assumed to participate in life insurance benefit at a 36% rate. Future retirees are assumed to elect a total of $45,000 in basic life insurance and supplemental life insurance coverage, before any age reductions. Spouses are assumed to elect $2,000 of coverage. This assumption has been updated since the prior valuation based on a review of OPEB experience from July 1, 2017 through June 30, 2020.

For active lives, the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, and then projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For healthy lives, the RP-2014 Blue Collar Health Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For disabled retiree lives, the RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

Changes in Total OPEB Liability

Balance at December 31, 2021	$ 6,289,704
Changes for the year	
Service cost	140,024
Interest	168,324
Differences between expected and actual experience	(118,605)
Changes in assumptions	510,994
Benefit payments and net transfers	(204,822)
Net changes	495,915
Balance at December 31, 2022	$ 6,785,619

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.18%) or 1-percentage-point higher (3.18%) than the current discount rate:

	1.0% Decrease (1.18%)	Current Discount Rate (2.18%)	1.0% Increase (3.18%)
Total OPEB Liability	$ 8,051,813	$ 6,785,619	$ 5,789,967

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Board, as well as what the Board's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current healthcare trend rates:

	1.0% Decrease (6.00%)	Current Trend (7.00%)	1.0% Increase (8.00%)
Total OPEB Liability	$ 5,764,496	$ 6,785,619	$ 8,098,207

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the Board recognized OPEB expense of ($414). At December 31, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 119,919	$ 145,554
Changes in assumptions	404,537	446,466
Change in proportion and differences between benefit payments and proportionate share of beenfit payements	261,487	-
Board contributions subsequent to measurement date	102,119	-
Total	$ 888,062	$ 592,020

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2023	$ (77,374)
2024	28,031
2025	14,059
2026	229,208
2027	-
Thereafter	-

The contribution requirements of plan members and the Board are established and amended by R.S. 42:801-883. Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB Plan (before or after January 1, 2002) and employee years of service at retirement. Employees who begin participation or rejoin before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and the employee is based on the following schedule:

OGB Participation	Employer Share	Retiree Share
Under 10 years	19%	81%
10 -14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for the individual retirees and spouses of retirees subject to maximum values. Employers pay 50% of the monthly premium for individual retirees. The retiree is responsible for 100% of the premium for dependents.

7. Deferred Compensation Plan

Certain employees of the Board 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. Litigation and Claims

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the State's risk management program, or by State General Fund appropriation.

9. Unearned Revenue

Unearned revenue of $4,240,591 as reflected on Statement A, represents payments received from applicants for licenses for periods subsequent to December 31, 2022.

10. Long-term Obligations

The following is a summary of long-term obligation transactions, which consist of compensated absences and OPEB obligations for the year ended December 31, 2022:

	Balance December 31, 2021	Additions	Reductions	Balance December 31, 2022	Amounts Due Within One Year
Compensated absences payable	$ 339,206	$ 139,998	$ (138,271)	$ 340,933	$ 103,063
Lease liability	-	92,650	(9,604)	83,046	30,163
Net pension liability	6,877,053	2,469,887	-	9,346,940	-
OPEB payable	6,289,704	495,915	-	6,785,619	-
Total long-term liabilities	$ 13,505,963	$ 3,198,450	$ (147,875)	$ 16,556,538	$ 133,226

11. Agency Transactions

In 1991, the Board established the Contractor's Educational Trust Fund (CETF) with an initial transfer of $2.9 million of surplus board funds. CETF was established to promote, encourage, and further the accomplishment of all activities that are or may benefit all persons engaged or interested in the construction vocation and the affording of such persons of effective and practical education, training, and instructions in the art of proper and lawful construction contracting in and for the State of Louisiana and other such activities that have a public purpose. The initial transfer of $2.9 million was used to fund various endowed professorships and chairs at Louisiana's colleges and universities for construction-related education. These funds were partially matched by the Board of Regents.

R.S. 37:2162 requires the Board to remit any fines and penalties collected less attorney's fees, courts costs and processing costs to the CETF upon the completion of the financial audit. Therefore, the fines and the corresponding liability to the Trust are recognized when the fines are collected. In 2022, the Board issued fines of $3,572,795 with receipts for current and previous year's fines of $464,641. CETF is administered by a group of trustees and continues to fund educational programs related to the construction vocation.

The Attorney General of Louisiana, in Attorney General Opinion 01-0264, has concluded that once the fines are remitted to the CETF, all of the Board's title and interest in the fines are transferred to the CETF trustees and the Board's fiduciary capacity over the fines ceases.
In 2013, House Bill 1420 was repealed that enacted R.S. 37:2156(c)(3) which provided that the Board shall include on each license renewal form issued to a contractor an optional election, whereby the contractor may choose to donate additional funds to a specified public university within Louisiana that offers an accredited, degreed program in the field of construction management. Any such donated funds received by the Board shall be remitted to the university chosen by the contractor. Any such donated funds received by the university shall be used solely for the benefit of their construction management programs.

R.S. 37:2156(c)(3) was amended and reenacted by House Bill 421 in the 2013 Regular session; (3)(a) The board shall assess on each license renewal issued to a contractor an additional fee of one hundred dollars per year to be dedicated and allocated as provided in this Paragraph to any public university in this state or any community college school of construction management or construction technology in this state that is accredited by either the American Council for Construction Education or the Accreditation Board for Engineering and Technology. The board shall include on each license renewal form issued to a contractor an optional election whereby the contractor may choose to not participate in the remission of the additional one-hundred-dollar dedication fee. (b) Each January, each accredited public university or community college school of construction management or construction technology shall report to the board the number of graduates from its school of construction management or construction technology from the previous calendar year. (c) Any and all funds collected pursuant to this Paragraph shall be disbursed to the accredited public university or community college schools of construction management or construction technology by August first of each year upon completion of the annual audit of the board. The funds shall be used by the accredited public university or community college schools of construction management or construction technology solely for the benefit of their program and the expenditure of such funds shall be approved by the industry advisory council or board for the program. The funds collected pursuant to this Paragraph shall be in addition to any other monies received by such schools and are intended to supplement and not replace, displace, or supplant any other funds received from the state or from any other source. Any school of construction management or construction technology that experiences a decrease in the funding appropriated to them by the accredited public university or community college as determined by the industry advisory council or board for the program shall be ineligible for participation under the provisions of this Paragraph, and the monies from the fund for such school of construction management or construction technology shall be redistributed on a pro rata basis to all other accredited and eligible schools. (d) The funds collected pursuant to this Subsection shall be distributed as follows: (i) One-half on a pro rata basis to each accredited public university's or community college's schools of construction management or construction technology. However, each accredited public university shall receive twice as much funds as each community college. (ii) One-half pro rata to each accredited public university school of construction management or construction technology based on the total number of graduates from the previous calendar year from each school as reported to the board. (e) No funds shall be allocated to any public university or community college school of construction management or construction technology that does not maintain current and active accreditation as required by this Paragraph.

At December 31, 2022, included in cash and cash equivalents was $1,458,400 collected on behalf of State Universities. The offsetting liability is included in accounts payable.

12. Refunds Payable

Refunds payable result from overpayments received in the application and renewal of licenses. The Board's policy is to refund these overpayments once the licensing or renewal processes are complete. Refunds payable at December 31, 2022 were $24,081.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios *Year Ended December 31, 2022*

	2018	2019	2020	2021	2022
Total OPEB Liability					
Service cost	$ 198,457	$ 184,264	$ 169,291	$ 119,960	$ 140,024
Interest	201,278	221,524	205,662	167,277	168,324
Differences between expected and actual experience	-	(47,044)	(116,848)	205,576	(118,605)
Changes of assumptions	(483,466)	(285,941)	(940,362)	(12,120)	510,994
Benefit payments	(251,991)	(251,991)	(215,404)	(132,342)	(204,822)
Net Change in total OPEB liability	(335,722)	(179,188)	(897,661)	348,351	495,915
Total OPEB liability - beginning	7,353,924	7,018,202	6,839,014	5,941,353	6,289,704
Total OPEB liability - ending	$ 7,018,202	$ 6,839,014	$ 5,941,353	$ 6,289,704	$ 6,785,619
Covered-employee payroll	2,276,674	2,429,465	2,486,360	2,497,467	2,497,467
Net OPEB liability as a percentage of covered-employee payroll	308.27%	281.50%	238.96%	251.84%	271.70%

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Employer's Proportionate Share of the Net Pension Liability *Year Ended December 31, 2022*

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
LASERS:					
2022	0.1236%	$9,346,940	$2,592,821	360.49%	63.70%
2021	0.1249%	$6,877,053	$2,497,467	275.36%	72.80%
2020	0.1182%	$9,778,163	$2,486,360	393.27%	58.00%
2019	0.1243%	$9,008,687	$2,429,465	370.81%	62.90%
2018	0.1214%	$8,282,256	$2,276,674	363.79%	64.30%
2017	0.1249%	$8,790,091	$2,390,523	367.71%	62.50%
2016	0.1249%	$9,809,722	$2,308,365	424.96%	57.70%
2015	0.1167%	$7,940,354	$2,234,493	355.35%	62.70%
2014	0.1202%	$7,514,350	$2,208,470	340.25%	65.00%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of June 30 of the fiscal year end.

Schedule 3

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Employer's Pension Contributions *Year Ended December 31, 2022*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contracually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
LASERS:					
2022	$1,063,997	$1,063,997	$ -	$2,662,738	39.96%
2021	$1,012,698	$1,012,698	$ -	$2,544,693	40.55%
2020	$997,030	$997,030	$ -	$2,485,774	40.39%
2019	$970,952	$970,952	$ -	$2,470,215	39.31%
2018	$891,348	$891,348	$ -	$2,351,843	37.90%
2017	$926,947	$926,947	$ -	$2,279,028	40.67%
2016	$843,849	$843,849	$ -	$2,314,939	36.45%
2015	$841,465	$841,465	$ -	$2,342,660	35.92%
2014	$777,144	$777,144	$ -	$2,250,257	34.54%
2013	$631,262	$631,262	$ -	$2,045,487	30.86%

OPEB

Changes of Benefit Terms – no changes

Changes in Assumptions and Other Inputs

- Changes of assumptions and other inputs reflect the changes in the discount rate each period. The following are the discount rates used in each period:

  - 2018 3.13%
  - 2019 2.98%
  - 2020 2.79%
  - 2021 2.66%
  - 2022 2.18%

- Baseline per capita costs were adjusted to reflect 2021 claims and enrollment. Plan claims and premiums increased less than had been expected, which decreased the liability. In addition, the estimate of future Employee Group Waiver Plan (EGWP) savings was increased, based on an analysis of recent EGWP experience, which also reduced.

- Medical plan election percentages have been updated since the previous valuation based on the coverage election of recent retirees. This change contributed towards the decrease in the liability associated with updating per capita costs and premiums.

- The healthcare cost trend assumption has been revised since the previous valuation based on updated National Healthcare Trend Survey information, which increased the liability.

LASERS

Changes of Benefit Terms

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session

- A 1.5% COLA, effective July 1, 2016, provided by Acts 93 and 512 of the 2016 Louisiana Regular Legislative Session.

Changes in Assumptions

- The Board adopted a plan to gradually reduce the discount rate from 7.75% to 7.50% in .05% increments, beginning July 1, 2017. Therefore, the discount rate was reduced from 7.75% to 7.70% for the June 30, 2017 valuation. The Board also reduced the inflation assumption from 3.0% to 2.75%, effective July 1, 2017. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .25%.

- A 7.65% discount rate was used to determine the projected contribution requirements for fiscal year 2018/2019 and a 7.60% rate was used for the 2019/2020 fiscal year. Beginning July 1, 2018, the projected contribution requirement includes direct funding of administrative expenses, rather than a reduction in the assumed rate of return, per Act 94 of 2016.

- Demographic and salary assumptions were updated beginning with the July 1, 2019 valuation to reflect the results of the most recent experience study observed for the period July 1, 2013 - June 30, 2018. The Board of Trustees adopted a change in the inflation assumption from 2.50% to 2.30% effective July 1, 2020. Since the inflation assumption is a component of the salary increase assumption, all salary increase assumptions decreased by .2% in the June 30, 2020 valuation. A 7.25% discount rate was used to determine the projected contribution requirements for fiscal year 2021/2022.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Per Diem Paid Board Members ***Year Ended December 31, 2022***

	Days	Amount
State Licensing Board for Contractors		
Lloyd Badeaux	7	$ 525
Ronald Barron	9	675
Brian Bordelon	7	525
Noah Broussard, Jr.	11	825
Kristen Brown	5	375
William Clouatre	9	675
Nelson Dupuy, Jr.	11	825
Courtney Fenet, Jr.	8	600
August Gallo, Jr.	8	600
Danny Graham	2	150
Kenneth Jones	10	750
Curtis Joseph, Jr.	11	825
Donald Lambert	11	825
Chester Lee Mallett	6	450
Garland Meredith	8	600
Joel Rushing	10	750
Christopher Stuart	8	600
Elliot Temple	9	675
Keith Tillage	7	525
Victor Weston	10	750
Residential Building Contractors Subcommittee		
Doreen Adams	8	600
Lloyd Badeaux	8	600
James Fine	9	675
Kenneth Jones	2	150
Travis Manceaux	10	750
Frank Morse, Jr.	11	825
Craig Stevens	8	600
Elliot Temple	11	825
		$ 17,550

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:2154 and are included in the expenditures of the General Fund. Board members are paid $75 per day for board meetings and official business.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head — ***Year Ended December 31, 2022***

Agency Head Name: Michael B. McDuff

Purpose		
Salary	$	191,983
Benefits-insurance		13,709
Benefits-retirement		77,072
Deferred compensation		13,500
Cell phone		900
Dues		475
Reimbursements		88
Travel		2,505
	$	300,232

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

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*

Governor's Office and Board of Directors
Louisiana State Licensing Board for Contractors
State of Louisiana

We have audited, 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, the financial statements of the business-type activities of the Louisiana State Licensing Board for Contractors, a component unit of the State of Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements, and have issued our report thereon dated April 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Licensing Board for Contractors' internal control over financial reporting (internal control) as a basis for designing 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 Louisiana State Licensing Board for Contractors' internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Licensing Board for Contractor'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.

8550 United Plaza Blvd., Suite 600, Baton Rouge, Louisiana 70809, Phone: (225) 924-1772 / Facsimile: (225) 927-9075

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Licensing Board for Contractors' financial statements are free from 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 financial statements. 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.*

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper & Alford, LLC

April 21, 2023
Baton Rouge, Louisiana

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Findings and Responses *December 31, 2022*

Section I -Internal Control Findings

No matters were reported.

Section II – Compliance Findings

No matters were reported.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Schedule of Prior Year Findings ***December 31, 2022***

Ref No.	Fiscal Year Finding Initially Occurred	Description of Finding	Status of the Finding	Current Year Finding Ref No.
2021-001	2021	Compliance with Louisiana Procurement Code	Resolved	N/A

INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Louisiana State Licensing Board for Contractors

December 31, 2022

Provost Salter Harper & Alford LLC

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LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Table of Contents *December 31, 2022*

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board and Management of Louisiana State Licensing Board for Contractors and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Louisiana State Licensing Board for Contractor's management is responsible for those C/C areas identified in the SAUPs.

Louisiana State Licensing Board for Contractors has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in Schedule A, which is an integral part of this report.

We were engaged by the Louisiana State Licensing Board for Contractors to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana State Licensing Board for Contractors and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper Alford, LLC

Baton Rouge, LA
April 24, 2023

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

b) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

c) ***Disbursements***, including processing, reviewing, and approving.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

g) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

h) ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k) ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings:

No exceptions noted.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Findings:

The commercial board did not meet in July 2022.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

__Findings:__

No exceptions noted.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

__Findings:__

The entity does not have a general fund. Therefore, this procedure is not applicable.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

__Findings:__

No exceptions noted.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

We obtained a listing of 2 bank accounts and selected 2 for testing.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Findings:

No exceptions noted.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Findings:

No exceptions noted.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Findings:

No exceptions noted.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Cash is only collected at the main office in Baton Rouge.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

i. Employees responsible for cash collections do not share cash drawers/registers;

Findings:

No exceptions noted.

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Findings:

No exceptions noted.

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Findings:

No exceptions noted.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Findings:

No exceptions noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Findings:

No exceptions noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily* *revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

Findings:

No exceptions noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Findings:

No exceptions noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Findings:

No exceptions noted.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

Findings:

2 of the tested deposits were not made within one business day of receipt at the collection location.

v. Trace the actual deposit per the bank statement to the general ledger.

Findings:

No exceptions noted.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Payments are only processed at the main office in Baton Rouge.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

Findings:

No exceptions noted.

b) At least two employees are involved in processing and approving payments to vendors;

Findings:

No exceptions noted.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Findings:

No exceptions noted.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

Findings:

No exceptions noted.

e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

Findings:

No exceptions noted.

C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

Findings:

No exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Findings:

No exceptions noted.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Findings:

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

We obtained a listing of active credit cards for the fiscal period, including the card numbers and the names of the persons who maintained possession.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Findings:

No exceptions noted.

b) Observe that finance charges and late fees were not assessed on the selected statements.

Findings:

No exceptions noted.

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Findings:

All 5 cards selected were fuel cards. Therefore, this procedure is not applicable.

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

We obtained a list of all reimbursements for travel and related expenses from the general ledger totaling $73,844.17.

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Findings:

No exceptions noted.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Findings:

No exceptions noted.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Findings:

No exceptions noted.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings:

No exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Findings:

No exceptions noted.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

Findings:

No exceptions noted.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Findings:

No exceptions noted.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Findings:

No exceptions noted.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Findings:

No exceptions noted.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

Findings:

No exceptions noted.

ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

Findings:

No exceptions noted.

iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

Findings:

No exceptions noted.

iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Findings:

No exceptions noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

Findings:

No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings:

Per management, all employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

10) *Ethics*

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

a) Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

Findings:

No exceptions noted.

b) Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Findings:

There were no changes to the ethics policy during the fiscal period. Therefore, this procedure was not applicable to the entity.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Findings:

No exceptions noted.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Findings:

No debt instruments were issued during the fiscal period; therefore, this procedure is not applicable.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Findings:

No debt instruments were outstanding at the end of the fiscal period; therefore, this procedure is not applicable.

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Findings:

There were no misappropriations of public funds and assets during the fiscal period; therefore, this procedure is not applicable.

B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Findings:

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

A. **We performed the procedure and discussed the results with management.**

a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Findings:

No exceptions noted.

b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Findings:

No exceptions noted.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Findings:

No exceptions noted.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings:

No exceptions noted.

14) Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Findings:

No exceptions noted.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Findings:

No exceptions noted.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

Findings:

No exceptions noted.

ii. Number of sexual harassment complaints received by the agency;

Findings:

No exceptions noted.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Findings:

No exceptions noted.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Findings:

No exceptions noted.

v. Amount of time it took to resolve each complaint.

Findings:

No exceptions noted.

State of Louisiana

State Licensing Board for Contractors

JOHN BEL EDWARDS
GOVERNOR

MICHAEL B. MCDUFF
EXECUTIVE DIRECTOR

April 18, 2023

To Whom It May Concern:

Below are the responses to the findings during the procedures agreed to by the Louisiana State Licensing Board for Contractors and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period January 1, 2022, through December 31, 2022.

Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Findings:
The commercial board did not meet in July 2022.

Response:
LSLBC will comply with statues covering its meetings.

Collections (excluding electronic funds transfers)

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

Findings:
2 of the tested deposits were not made within one business day of receipt at the collection location.

Response:

LSLBC will make deposits daily.

If you should have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

Michael McDuff
Executive Director