

**LOUISIANA STATE BOARD OF HOME INSPECTORS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2023**

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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Louisiana State Board of Home Inspectors  
Baton Rouge, LA

We have reviewed the accompanying financial statements of Louisiana State Board of Home Inspectors, which comprise the statement of net position as of June 30, 2023 and the related statements of activities and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility for the Financial Statements***

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

### ***Accountants' Responsibilities***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Louisiana State Board of Home Inspectors and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### ***Accountants' Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America

### ***Supplementary Information***

The Independent Accountant's Report on Applying Agreed-Upon Procedures is not a required part of the basic financial statements but is supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepared the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

The Schedule of Compensation, Benefits, and Other Payments to the Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and related directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

The Louisiana State Board of Home Inspectors has not presented management discussion and analysis that generally accepting accounting principles accepted in the United States of America and Louisiana Revised Statute 24:514 has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Daigrepoint & Brian APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA  
December 7, 2023

**LOUISIANA STATE BOARD OF HOME INSPECTORS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

ASSETS

Current Assets

Cash	\$ 1,374,714
Accounts receivable, net	430
Prepaid expenses	7,098
Total Current Assets	<u>1,382,242</u>

Operating right of use assets, net	63,487
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Other Assets

Deferred outflows of resources	100,088
Deposits	2,598
Total Other Assets	<u>102,686</u>

Total Assets	<u>\$ 1,548,415</u>
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LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 3,030
Accrued payroll	9,253
Operating lease liability, current portion	23,808
Total Current Liabilities	<u>36,091</u>

Non-Current Liabilities

Net pension liability	263,457
Other post employment benefit	152,809
Operating lease liability, long term	39,679
Deferred inflows of resources	67,818
Total Non-Current Liabilities	<u>523,763</u>

Total Liabilities	559,854
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Total Unrestricted Net Position	<u>988,561</u>
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Total Liabilities and Net Position	<u>\$ 1,548,415</u>
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See accompanying notes and independent accountants' review report.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2023**

REVENUES

Application fees	\$ 46,435
Inspection fees	230,800
Continuing education fees	12,307
Penalties & fines collected	40,696
Other revenue	<u>608</u>
Total Revenues	330,846

EXPENSES

Operating services & supplies	37,801
Professional fees	47,843
Rent	28,985
Salary, wages & benefits	<u>125,019</u>
Total Expenses	<u>239,648</u>

INCREASE IN NET POSITION

Unrestricted net position - beginning of period	<u>897,362</u>
Unrestricted net position - end of period	<u><u>\$ 988,561</u></u>

See accompanying notes and independent accountants' review report.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net position	\$ 91,199
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Increase in accounts receivable	(119)
Increase in deferred outflow of resources	(41,706)
Increase in net pension liability	81,330
Increase in deferred inflow of resources	20,059
Increase in accrued payroll	50
Decrease in other liabilities	(3,198)
Decrease in other post employment benefit	(58,172)
Total adjustments	<u>(1,756)</u>
Net cash provided by operating activities	<u>89,443</u>
INCREASE IN CASH	89,443
CASH, BEGINNING OF YEAR	<u>1,285,271</u>
CASH, END OF YEAR	<u><u>\$ 1,374,714</u></u>

See accompanying notes and independent accountants' review report.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**INTRODUCTION**

The Louisiana State Board of Home Inspectors (Board), a related organization of the State of Louisiana, was created by the Louisiana Legislature in 1999 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:1474. The Board is a licensing agency of the State of Louisiana. The Board's enabling legislation, the Home Inspectors Licensing Law, is comprised by R.S. 37:1471 *et seq.* The Board is composed of a single member from each congressional district, each appointed by the Governor of the State of Louisiana to serve a six year term. The Board is charged with the responsibility of regulating all persons engaged in the business of inspecting existing residential homes for compensation, and advising persons utilizing such services and the general public of the legal obligations and responsibilities of residential home inspectors. The operations of the Board are funded through self-generated revenues primarily derived from license applications, license renewals, and fees from inspections performed by home inspectors. The board has one full time employee, and is located in Baton Rouge.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Board have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position, results of operations, and cash flows of the Board as of and for the year ended June 30, 2023.

**Financial Reporting Entity:** As required by GASB Statement No. 61, *The Financial Reporting Entity – an amendment of GASB Statements No.14 and No. 34*, the Board is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the Board.

**Basis of Presentation - Fund Accounting:** Proprietary funds are used to account for the Board's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resources measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the Statement of Net Position. The operating statement presents increases (revenues) and decreases (expenses) in total net position. The Board maintains one proprietary fund, the General Fund.

**Basis of Accounting:** The Board prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Board has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

**Basis of Reporting:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Reporting (Continued):** The accompanying financial statements have been prepared in accordance with generally accepted accounting principles. GASB No. 34 established standards for external reporting for all state and local governmental entities. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in Capital Assets, Net of Related Debt:* This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted:* This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* This component of net position consists of net position that does not meet the definition of restricted, or invested in capital assets, net of related debt.

**Net Position:** On July 1, 2012, the Board adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provided financial reporting guidance for deferred outflows of resources, deferred inflows of resources, and net position. State and local governments enter into transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods. GASB Statement No. 63 requires that deferred outflows of resources should be reported in a separate section following assets and deferred inflows of resources should be reported in a separate section following liabilities.

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position should be displayed in three components - *invested in capital assets, net of related debt* consisting of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction or improvement of those assets; *restricted* distinguishing between major categories of restrictions and consisting of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and *unrestricted* consisting of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of capital assets, net of related debt or the restricted portion of net position.

**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Board adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Although budget amounts lapse at year end, the Board retains its unexpended fund balances to fund expenditures in the succeeding year.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in interest-bearing demand deposits. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Custodial risk is the risk that in the event of a bank failure, the Board's deposits may not be recovered. The Board's deposit policy conforms to state law. Under state law, the Board's deposits must *be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank*. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with insurance through FDIC and collateral pledged by the agent bank.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable are actual amounts owed to the Board and are recognized at net amount owed with no allowance for uncollectible accounts. Accounts receivable are written off when they are determined to be uncollectible.

**NOTE 4 – COMPENSATED ABSENCES**

*Annual and Sick Leave.* The Board's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service. Accumulated leave is carried forward to succeeding years without limitation. Upon termination, employees 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.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statements of net position at \$8,707.

**Compensatory Leave.** Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time

**NOTE 4 – COMPENSATED ABSENCES (continued)**

and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer.

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BATON ROUGE, LOUISIANA  
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JUNE 30, 2023**

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**NOTE 5 – PENSIONS**

**Summary of Significant Accounting Policies**

*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.

**General Information about the Pension Plan**

*Plan Description*

Employees of the Louisiana State Board of Home Inspectors 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](http://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 Benefits*

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 or at age 60 upon completing ten years of creditable service 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

**NOTE 5 – PENSIONS (continued)**

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

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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

**NOTE 5 – PENSIONS (continued)**

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.

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BATON ROUGE, LOUISIANA  
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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 given 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, active 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.

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. 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 regular member hired before January 1, 2011 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,

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**NOTE 5 – PENSIONS (continued)**

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.

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 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, 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***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2023 for the various plans can be found in the current Employer Pension Audit Report located <https://lasersonline.org/employers/gasb-68-resources/>.

The agency's contractually required composite contribution rate for the year ended June 30, 2023 was 40.40% of annual payroll, 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 Agency were \$34,896 for the year ended June 30, 2023.

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

At June 30, 2023, the Employer reported a liability of \$263,457 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 Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Agency's proportion was 0.00349% which was an increase of 0.00018% from its proportion measured as of June 30, 2022.

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BATON ROUGE, LOUISIANA  
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**NOTE 5 – PENSIONS (continued)**

At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 718	\$ -
Changes of assumptions	4,790	-
Net difference between projected and actual earnings on pension plan investments	21,221	-
Employer contributions subsequent to the measurement date	34,896	-
Total	<u>\$ 61,625</u>	<u>\$ -</u>

\$34,896 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. 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 June 30:**

2024	\$	13,163
2025	\$	4,385
2026	\$	(5,366)
2027	\$	14,547

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 can be found in the current Employer Pension Audit Report located <https://lasersonline.org/employers/gasb-68-resources/>.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension 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

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**NOTE 5 – PENSIONS (continued)**

of current 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 7.60%, 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 or one percentage point higher than the current rate:

	<b>1.0% Decrease (6.60%)</b>	<b>Current Discount Rate (7.60%)</b>	<b>1.0% Increase (8.60%)</b>
Employer's proportionate share of the net pension liability	\$ 331,506	\$ 263,457	\$ 201,406

*The information above can be found in the current GASB 68 Schedules of Employer located <https://lasersonline.org/employers/gasb-68-resources/>.*

***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](http://www.lasersonline.org).

***Payables to the Pension Plan***

At June 30, 2023, the Board had no payables to LASERS for the June 2023 employee and employer legally-required contributions.

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, Multi-employer other post-employment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees’ Retirement System, Teachers’ Retirement System of Louisiana, or Louisiana

State Police Retirement System), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. 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(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. Effective July 1, 2018, an OPEB trust fund was statutorily established; however, this plan is not administered as a trust and no plan assets have been accumulated as of June 30, 2022. The plan is funded on a “pay-as-you-go” under which

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
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JUNE 30, 2023**

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**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and B coverage also have access to four fully insured Medicare Advantage Plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan 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 retiree is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Share</u>	<u>Retiree Share</u>
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 individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2018, the total monthly premium for retirees varies according to age group.

***Total Collective OPEB Liability and Changes in Total Collective OPEB Liability***

At June 30, 2023, The Board reported a liability of \$152,809 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2022 and was determined by an actuarial valuation as of that date. The Board’s proportionate share of the restated total collective OPEB liability at June 30, 2022 totaling \$210,981, was determined using a roll back of the same valuation to July 1, 2021, using the discount rate applicable on that date, and assuming no gains or losses.

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. At June 30, 2021, the Board’s proportionate share was .000014%. Because the beginning balance

was restated using a rollback of the July 1, 2020 valuation assuming no gains or losses, there is no change to the proportion since the prior measurement date. The total collective OPEB liability in the July 1, 2021 actuarial valuation was determined using actuarial methods intrinsic to the plan.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
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JUNE 30, 2023**

**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

The following presents the Board’s proportionate share of the total collective OPEB liability using the current discount rate as well as what the Board’s proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<b>1.0% Decrease (1.98%)</b>	<b>Current Discount Rate (2.98%)</b>	<b>1.0% Increase (3.98%)</b>
Employer's proportionate share of the OPEB liability	\$ 185,397	\$ 152,809	\$ 127,217

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates.

The following presents the Board’s proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the Board’s proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate:

	<b>1.0% Decrease (3.5%)</b>	<b>Current Discount Rate (4.5%)</b>	<b>1.0% Increase (5.5%)</b>
Proportionate Share of Total Collective OPEB Liability	\$ 124,594	\$ 152,809	\$ 189,216

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

For the year ended June 30, 2023, the Board recognized OPEB expense of \$6,871. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 21,335	\$ -
Changes of assumptions	17,128	(67,818)
Total	<u>\$ 38,463</u>	<u>\$ (67,818)</u>

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
BATON ROUGE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

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**NOTE 6 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

Deferred outflows of resources related to OPEB resulting from the Board’s benefit payments subsequent to the measurement date will be recognized as a reduction to the total collective liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

**Year ended June 30:**

2024	\$	(4,062)
2025	\$	(4,648)
2026	\$	(8,888)
2027	\$	(11,759)

**NOTE 7 – LEASES**

In March 2021, the Board entered into an operating lease agreement with Odd Man Out, LLC for an office space for a five-year period ending February 2026 and applies to GASB 87. The lease requires monthly payments of \$2,317. The contract can be extended, with similar terms, per agreement of both parties.

While the lease arrangement does not state an explicit rate, a discount rate of 6.50% was determined using financing arrangements available to the Board at the date of adoption. The Board has an operating right of use asset related to this lease in the amount of \$63,487. Lease expense related to this agreement was \$27,804 for the year ended June 30, 2023.

As of June 30, 2023, the weighted average of the remaining lease term was 2.67 years and weighted average discount weight was 6.50%.

The future minimum lease payments under the signed lease agreements are as follows:

2024	27,804
2025	27,804
2026	<u>18,536</u>
	\$ 74,144
Less NPV	<u>(10,657)</u>
Lease Liability	<u>\$ 63,487</u>

**NOTE 8 – SUBSEQUENT EVENTS**

In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through December 7, 2023, which is the date the financial statements were available to be issued.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2023**

**AGENCY HEAD NAME: Morgan Spinosa, Chief Operating Officer**

*No compensation paid from public funds.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Louisiana State Board of Home Inspectors  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Louisiana State Board of Home Inspectors and the Louisiana Legislative Auditor (LLA), on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Organization's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

*Public Bid Law*

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$154,450. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

Results: No exceptions noted.

*Code of Ethics for Public Officials and Public Employees*

2. Obtain a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the ethics law).

Results: Management provided us with the requested information.

3. Obtain a list of all employees paid during the fiscal year.

Results: Management provided us with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

Results: No employees' names appeared on both listings.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Results: No vendors were included on either list provided by management.

#### *Budgeting*

6. Obtain a copy of the legally adopted budget and all amendments.

Results: No exceptions noted.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

Results: No exceptions noted.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more. (For agencies that must comply with the Licensing Agency Budget Act only, compare the expenditures of the final budget to actual expenditures, and report whether actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total).

*Exception:* The Agency failed to meet budgeted revenues by approximately 11%.

#### *Accounting and Reporting*

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Results: No exceptions noted.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

Results: No exceptions noted.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

Results: No exceptions noted.

#### *Meetings*

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Results: No exceptions noted.

### *Debt*

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

Results: No exceptions noted.

### *Advances and Bonuses*

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

Results: No exceptions noted.

### *State Audit Law*

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

Results: No exceptions noted.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Results: No exceptions noted.

### *Prior-Year Comments*

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

Results: No exceptions were noted during the performance of prior year's AUPs.

Management's Response: The Board will review the budget periodically throughout the year to ensure it is amended when necessary in accordance with the LLA's best practices.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Organization's compliance with the foregoing matters. 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.

The purpose of this report is solely to describe the scope of testing performed on the Organization's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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 Louisiana Legislative Auditor as a public document.

*Daigrepoint & Brian APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, Louisiana

December 7, 2023

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

11-13-23 (Date Transmitted)

Daigrepoint and Brian, APAC  
910 S. Acadian Thruway  
Baton Rouge, LA 70806

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of June 30, 2023 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes  No  N/A

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes  No  N/A

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes  No  N/A

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes  No  N/A

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes  No  N/A

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes  No  N/A

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes  No  N/A

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes  No  N/A

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes  No  N/A

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes  No  N/A

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes  No  N/A

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes  No  N/A

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes  No  N/A

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes  No  N/A

**General**

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes  No  N/A

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes  No  N/A

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes  No  N/A

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes  No  N/A

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes  No  N/A

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes  No  N/A

The previous responses have been made to the best of our belief and knowledge.

Marga S Secretary 11-13-23 Date

\_\_\_\_\_  
Treasurer \_\_\_\_\_ Date

\_\_\_\_\_  
President \_\_\_\_\_ Date