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**STATE LICENSING BOARD
FOR CONTRACTORS**

**DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

FINANCIAL REPORT

DECEMBER 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date ~~JUL 03 1996~~

WILBERT E. GUILFORD, JR.
Certified Public Accountant
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New Orleans, LA 70126
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INDEPENDENT AUDITOR'S REPORT

June 20, 1996

To the Board of Directors
Louisiana State Licensing Board for Contractors
Baton Rouge, Louisiana

I have audited the component unit financial statements of the Louisiana State Licensing Board for Contractors and the individual fund financial statements of the Board as of and for the years ended December 31, 1995, and December 31, 1994 as listed in the index to this report. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on the financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Licensing Board for Contractors at December 31, 1995 and December 31, 1994 and the results of operations for the years then ended in conformity with generally accepted accounting principles. Also, in my opinion, the individual fund financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds of the Louisiana State Licensing Board for Contractors at December 31, 1995 and December 31, 1994 and the results of the operations of such funds for the years then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole and on the individual fund financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Louisiana State Licensing Board for Contractors.

Such information has been subjected to the auditing procedures applied in the audit of the component unit and individual fund financial statements and, in my opinion, is fairly stated in all material respects in relation to the component unit financial statements and the financial statements of each of the respective individual funds, taken as a whole.

Wilbert E. Guilford Jr.

COMPONENT UNIT FINANCIAL STATEMENTS

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit A

COMBINED BALANCE SHEET — ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1995
 (With Comparative Totals for December 31, 1994)

	Governmental Fund Types			Account Groups		Totals (Memorandum Only)	
	General	Special Revenue	General Fixed Assets	General Long-Term Debt	1995	1994	
					\$	\$	
ASSETS AND OTHER DEBITS							
ASSETS							
Cash	\$ 274,664	\$	\$	\$	\$ 274,664	\$ 296,675	
Investments	3,613,863				3,613,863	3,391,075	
Accounts Receivable	5,828				5,828	4,325	
Accrued interest	30,610				30,610	20,548	
Due from General Fund		146,950			146,950	109,658	
Property and equipment, at cost			1,778,343		1,778,343	1,761,909	
OTHER DEBITS							
Amount to be provided for compensated absences				73,069	73,069	78,793	
Total assets and other debits	\$ 3,924,965	\$ 146,950	\$ 1,778,343	\$ 73,069	\$ 5,923,327	\$ 5,662,983	
LIABILITIES, EQUITY AND OTHER CREDITS							
LIABILITIES							
Accounts payable	\$ 103,573	\$ 1,831	\$	\$	\$ 105,404	\$ 65,227	
Due to Special Revenue Fund	146,950				146,950	109,658	
Due to Trust Fund		56,319			56,319	56,206	
Deferred revenues	1,197,900	88,800			1,286,700	1,253,725	
Compensated absences	35,592			73,069	108,661	114,577	
Total liabilities	\$ 1,484,015	\$ 146,950	\$	\$ 73,069	\$ 1,704,034	\$ 1,599,393	
EQUITY AND OTHER CREDITS							
Investment in general fixed assets							
Fund balances:							
Unreserved							
Designated for building replacement	300,000				300,000	300,000	
Designated for unemployment	412,628				412,628	339,239	
Designated for the Board's portion of insurance premiums for retirees	684,840				684,840	618,960	
Designated for the future examination and testing fund	200,000				200,000	200,000	
Designated for subsequent years expenditures	843,482				843,482	843,482	
Total Designated	2,440,950				2,440,950	2,301,681	
Undesignated							
Total equity and other credits	\$ 2,440,950	\$ 0	\$ 1,778,343	\$ 0	\$ 4,219,293	\$ 4,063,590	
Total liabilities, equity and other credits	\$ 3,924,965	\$ 146,950	\$ 1,778,343	\$ 73,069	\$ 5,923,327	\$ 5,662,983	

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 1995

(With Comparative Totals for the Year Ended December 31, 1994)

	General	Special Revenue	Totals (Memorandum Only)	
			1995	1994
Revenues:				
Licenses and permits	\$ 1,654,541	\$ 125,200	\$ 1,779,741	\$ 1,722,840
Miscellaneous--				
Interest earned	191,731		191,731	137,225
Rent and other	41,305		41,305	41,702
Total revenues	\$ 1,887,577	\$ 125,200	\$ 2,012,777	\$ 1,901,767
Expenditures:				
Public Safety--				
Personal services	\$ 1,164,067	\$ 54,206	\$ 1,218,273	\$ 1,140,338
Transportation	117,296		117,296	115,947
Other services and charges	394,003	14,453	408,456	285,414
Supplies	23,094	222	23,316	16,821
Capital outlay	39,987		39,987	30,563
Total expenditures	\$ 1,738,447	\$ 68,881	\$ 1,807,328	\$ 1,589,083
Excess of revenues over (under) expenditures	149,130	56,319	205,449	312,684
Other Uses:				
Operating transfer out (to oversight unit)	\$ _____	\$ (56,319)	\$ (56,319)	\$ (56,206)
Excess of revenues (under) expenditures and other uses	\$ 149,130	\$ _____	\$ 149,130	\$ 256,478
Fund balance, beginning	2,301,681		2,301,681	2,042,661
Prior period adjustments	(9,861)		(9,861)	2,542
Fund balance, ending	\$ 2,440,950	\$ _____	\$ 2,440,950	\$ 2,301,681

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit C

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE -
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUND TYPES
Year Ended December 31, 1995

	General Fund		Special Revenue Fund		Variance-- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Licenses and permits	\$ 1,533,232	\$ 1,654,541	\$ 121,309	\$ 125,200	\$ 16,400
Miscellaneous:					
Interest earned	142,345	191,731	49,386		
Rent and other	40,002	41,305	1,303		
Total revenues	\$ 1,715,579	\$ 1,887,577	\$ 171,998	\$ 125,200	\$ 16,400
Expenditures:					
Public Safety--					
Personal services	\$ 1,309,390	\$ 1,164,067	\$ 145,323	\$ 81,500	\$ 27,294
Transportation	152,000	117,296	34,704	1,000	1,000
Other services and charges	484,185	394,003	90,182	17,800	3,347
Supplies	25,370	23,094	2,276	950	728
Capital outlay	46,500	39,987	6,513	7,400	7,400
Total expenditures	\$ 2,017,445	\$ 1,738,447	\$ 278,998	\$ 108,650	\$ 39,769
Excess of revenues over (under) expenditures	(301,866)	149,130	450,996	150	56,169
Other uses:					
Operating transfer out (to oversight unit)			(150)	(56,319)	(56,319)
Excess of revenues over (under) expenditures and other uses	\$ (301,866)	\$ 149,130	\$ 450,996	\$	\$
Fund balance, beginning	2,301,681	2,301,681	0	0	0
Prior period adjustments		(9,861)	(9,861)		
Fund balance, ending	\$ 1,999,815	\$ 2,440,950	\$ 441,135	\$ 0	\$ 0

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Louisiana State Licensing Board for Contractors is an independent, regulatory board of the state of Louisiana created by Louisiana Revised Statute 37:2151. The Board is composed of 15 members appointed by the governor and operates within the Department of Economic Development. It is charged statutorily with the protection of the health, safety and general welfare of all people dealing with persons engaged in the contracting vocation. The Board's operations are financed with self-generated license, examination and other related fees. The Board is a component unit of the state of Louisiana and is an integral part of such reporting entity.

The following is a summary of the more significant accounting policies:

FUND ACCOUNTING:

The accounts of the Louisiana State Licensing Board for Contractors are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report into two generic fund types and one broad fund category as follows:

Governmental fund types:

General Fund

The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

NOTES TO FINANCIAL STATEMENTS

BASIS OF ACCOUNTING:

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Board's records are maintained on a modified accrual basis of accounting. The modified accrual basis of accounting utilizes the following practices:

Revenues:

Licenses are issued for a calendar year and, therefore, the related fees are deferred until the year commences.

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

BUDGETS AND BUDGETARY ACCOUNTING:

The Board follows these procedures in establishing the budgetary data reflected in the financial statements.

* The Board's accountant prepares a proposed budget for submission to the Board no later than the regular January board meeting of the budget year.

* Budgetary amendments involving the transfer of funds from one function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board. Budget amendments in excess of 10% require written notification to the State Legislative Committee on the budget.

* All budgetary appropriations lapse at the end of each fiscal year.

* Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Budgeted amounts are as originally adopted or as amended from time to time by the Board.

NOTES TO FINANCIAL STATEMENTS

ENCUMBRANCES:

Encumbrance accounting, under which purchase orders for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Board.

COMPARATIVE DATA:

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

TOTAL COLUMNS ON COMBINED STATEMENTS:

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CASH AND INVESTMENTS:

Cash includes amounts in demand deposits.

Investments include certificates of deposit with maturity dates in excess of three months of the date acquired by the Board.

Other investments are stated at amortization cost with accrued interest shown under a separate caption on the balance sheet. Market value includes accrued interest.

State statutes authorize the Board to invest in obligations of the U.S Treasury, certificates of deposit in Louisiana Banks, or any other federally insured investments.

NOTES TO FINANCIAL STATEMENTS

FIXED ASSETS AND LONG-TERM OBLIGATIONS:

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. These assets are recorded as expenditures in the general fund types when purchased. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term liabilities expected to be financed from governmental fund types are accounted for in the General Long-Term Debt Account Group, not in governmental funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position and are not involved with the measurement of results of operations.

NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS

Deposits and investments are carried at cost and consist of the following:

	December 31, 1995		
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Market Value</u>
Deposits:			
Insured (FDIC, NCUA OR FSLIC)	\$1,486,201	\$1,486,201	\$ -
Uninsured: Collateral held by the pledging bank's trust department or the pledging bank's agent in the Board's name....	1,274,464	1,520,042	-
Other investments:			
Federal National Mortgage Association debentures held by dealer, subject to SIPC insurance....	<u>1,127,863</u>	-	<u>1,140,952</u>
Total deposits and investments	<u>\$3,888,528</u>	<u>\$3,006,243</u>	<u>\$1,140,952</u>

The carrying amount is included on the balance sheet under the following captions:

Cash	\$ 274,665
Investments	<u>3,613,863</u>
	<u>\$3,888,528</u>

Note 3. CHANGES IN GENERAL FIXED ASSETS

	Balance December <u>31,1994</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	Balance December <u>31,1995</u>
Land	\$ 128,248	-	-	\$ 128,248
Building & improvements	1,351,993	4,900	-	1,356,893
Equipment:				
Computer	110,920	14,250	9,296	115,874
Office	136,680	6,930	1,494	142,116
Vehicles	<u>34,068</u>	<u>13,907</u>	<u>12,763</u>	<u>35,212</u>
Total	<u>\$1,761,909</u>	<u>39,987</u>	<u>23,553</u>	<u>\$1,778,343</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulate unlimited amounts of annual and sick leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The current portion is recorded as a liability in the General Fund and represents the amount unpaid at December 31, 1995, which would normally be liquidated with expendable available financial resources.

Accumulated annual leave at December, 31, 1994	\$114,576
Leave earned	37,058
Leave paid	(42,907)

Accumulated annual leave at December 31, 1995	108,661
Less current portion	(35,592)

	<u>\$ 73,069</u>

Note 5. CHANGES IN DESIGNATION OF GENERAL FUND BALANCE

A summary of changes in designations of General Fund balances follows:

<u>DESIGNATIONS:</u>	<u>Balance</u> <u>12/31/94</u>	<u>Board Approved</u>		<u>Balance</u> <u>12/31/95</u>
		<u>Increases</u>	<u>Decreases</u>	
Building replacement	\$300,000	-	-	\$ 300,300
Unemployment	339,239	73,389	-	412,628
Board's portion of insurance premiums for retirees	618,960	65,880	-	684,840
Future examination and testing	200,000	-	-	200,000
Subsequent years expenditures	843,482	-	-	843,482
	-----	-----	-----	-----
	<u>\$2,301,681</u>	<u>\$139,269</u>	<u>\$ -</u>	<u>\$2,440,950</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. PENSION PLAN

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. For the year ended December 31, 1995, the Board's total payroll was \$963,545, and its payroll covered by the System was \$837,250.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Covered employees were required to contribute 7.5% of gross salary to the plan. The Board added an 11.9% contribution for the period January 1, 1995 through June 30, 1995 and 12% for the period July 1, 1995 through December 31, 1995.

Contribution requirements to the System are set by Statute and differ from the contribution requirement determined using actuarial methods. The amount of contributions made during the year ending June 30, 1995, from employees and employers was \$123,370,058 and \$191,640,907, respectively, or approximately 7% and 11.9% of covered payroll of \$1,610,375,003 for a total contribution of \$315,010,965 which is approximately 19.57% of covered payroll.

The actuarially determined annual employer-contribution recommended by the System's actuary to cover normal cost for the year ending June 30, 1995, using the Projected Unit Credit cost method was approximately \$207,951,158.

NOTES TO FINANCIAL STATEMENTS

The statutorily required contribution by the Board for the year ended December 31, 1995, was \$162,855, which consisted of \$100,061 as the employer contribution and \$62,794 from covered employees. The actual contribution made to the System by the Board was \$162,855, which consisted of \$100,061 as the employer contribution and \$62,794 as the employees' contributions.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be a payable in the future as a result of employee service to date. The measure, which is the actuarial present value of projected credited benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. As of June 30, 1995, the pension benefit obligation was \$5,696,909,256 and the value of the System's assets is \$3,589,501,958 leaving an unfunded pension benefit obligation of \$2,107,407,298.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1995 component unit financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the 1974 Louisiana Constitution.

Note 7. POSTRETIREMENT COMMITMENTS

In accordance with statutes, the Board provides for certain health care and life insurance benefits for retired employees through the State Employees Group Benefits Program. Substantially all of the Board's employees may become eligible for those benefits if they reach normal retirement age while working for the Board. The cost of retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid and are financed on a pay-as-you-go basis. There were 26 retired participants eligible to receive benefits as of December 31, 1995. The Board is obligated to contribute 50% of the monthly premiums and the retirees contribute the remaining 50%. For the year ended December 31, 1995, the Board's costs totaled \$50,115.

NOTES TO FINANCIAL STATEMENTS

Note 8. RELATED PARTY TRANSACTIONS (LEASE)

The Board entered into an agreement to lease office space to another component unit of the state of Louisiana for a period of five years beginning on July 1, 1990, with an option for renewal of an additional five years subject to the same terms and conditions as the current agreement. For the years ended December 31, 1995 and December 31, 1994, the aggregate lease payments collected totaled \$38,202 and \$38,202, respectively.

Note 9. CONTINGENCIES

There are presently three pending litigations against the State Licensing Board for Contractors. One involves a claim of wrongful termination filed more than three years ago. This case may have been abandoned. The Board has previously prevailed in a related case.

The second case involves an alleged denial of the right to obtain copies of public documents and harm resulting therefrom. This case is dormant at this time.

Should either of these cases be pursued, management intends to contest them vigorously and feels their chances of prevailing at trial are good.

The third case involves a claim against the Board for attorney's fees. The Board has offered to settle in the amount of \$7,500. If the plaintiff refuses to settle the Board intends to vigorously contest at trial. The Board's potential exposure in this case ranges from \$0 to \$30,000.

NOTE 10. PRIOR PERIOD ADJUSTMENTS

Adjustments were made to correct under-estimates of accrued expenses at December 31, 1994 and December 31 1995. The books were closed prior to preparation of the financial statements. The Board plans not to close the books as quickly in future years.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

GENERAL FUND

The general fund is used to account for resources, traditionally associated with governments, which are not required to be accounted for in another fund.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
GENERAL FUND

BALANCE SHEETS
December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
ASSETS		
Cash	\$ 274,664	\$ 296,675
Investments	3,613,863	3,391,075
Receivables:		
Accounts receivable	5,828	4,325
Accrued interest	30,610	20,548
 Total assets	 <u>\$ 3,924,965</u>	 <u>\$ 3,712,623</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 103,573	\$ 63,375
Due to Special Revenue Fund	146,950	109,658
Deferred revenues	1,197,900	1,202,125
Compensated absences	35,592	35,784
 Total liabilities	 <u>\$ 1,484,015</u>	 <u>\$ 1,410,942</u>
 FUND BALANCES		
Unreserved:		
Designated for building replacement	\$ 300,000	\$ 300,000
Designated for unemployment	412,628	339,239
Designated for the Board's portion of insurance premiums for retirees	684,840	618,960
Designated for future examination and testing fund	200,000	200,000
Designated for subsequent years expenditures	843,482	843,482
 Undesignated	 <u>\$ 2,440,950</u>	 <u>\$ 2,301,681</u>
 Total fund balances	 <u>\$ 2,440,950</u>	 <u>\$ 2,301,681</u>
 Total liabilities and fund balances	 <u>\$ 3,924,965</u>	 <u>\$ 3,712,623</u>

See Notes to Financial Statements.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Years Ended December 31, 1995 and 1994

	1995		1994		Variance-- Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Licenses and permits	\$ 1,533,232	\$ 1,654,541	\$ 1,419,500	\$ 1,594,040	\$ 174,540
Miscellaneous:					
Interest earned	142,345	191,731	95,861	137,225	41,364
Rent and other	40,002	41,305	40,002	41,702	1,700
Total revenues	\$ 1,715,579	\$ 1,887,577	\$ 1,555,363	\$ 1,772,967	\$ 217,604
Expenditures:					
Public Safety -					
Personal services	\$ 1,309,390	\$ 1,164,067	\$ 1,371,514	\$ 1,089,728	\$ 281,786
Transportation	152,000	117,296	137,000	115,947	21,053
Other services and charges	484,185	394,003	430,262	270,863	159,399
Supplies	25,370	23,094	23,370	16,388	6,982
Capital outlay	46,500	39,987	41,500	23,563	17,937
Total expenditures	\$ 2,017,445	\$ 1,738,447	\$ 2,003,646	\$ 1,516,489	\$ 487,157
Excess of revenues over (under) expenditures	(301,866)	149,130	(448,283)	256,478	704,761
Fund balance, beginning	\$ 2,301,681	\$ 2,301,681	\$ 2,042,661	\$ 2,042,661	
Prior Period Adjustments		(9,861)		2,542	2,542
Fund balance, ending	\$ 1,999,815	\$ 2,440,950	\$ 1,594,378	\$ 2,301,681	\$ 707,303

See Notes to Financial Statements

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Foreign Contractor Surcharge Fund- This fund is to account for the receipt and subsequent expenditure of the surcharge assessed to contractors not domiciled in the state of Louisiana. These funds are to be utilized to defray the additional cost of investigation of the application of said non-Louisiana contractors. Annually, at each audit of the Board, any surplus funds contained in this Special Revenue Fund are transferred to the state treasury (the oversight unit).

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
FOREIGN CONTRACTOR SURCHARGE SPECIAL REVENUE FUND**

**BALANCE SHEETS
December 31, 1995 and 1994**

	<u>1995</u>	<u>1994</u>
ASSETS		
Due from General Fund	<u>\$146,950</u>	<u>\$109,658</u>
Total Assets	<u><u>\$146,950</u></u>	<u><u>\$109,658</u></u>
LIABILITIES		
Accounts Payable	1,831	1,852
Due to state treasury	56,319	56,206
Deferred revenues	<u>88,800</u>	<u>51,600</u>
Total liabilities	<u><u>\$146,950</u></u>	<u><u>\$109,658</u></u>

See Notes to Financial Statements.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit E-2

FOREIGN CONTRACTOR SURCHARGE SPECIAL REVENUE FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL
Years Ended December 31, 1995 and 1994

	1995		1994		Variance - Favorable (Unfavorable)
	Budget	Actual	Budget	Actual	
Revenues:					
Licenses and permits	\$ 108,800	\$ 125,200	\$ 104,000	\$ 128,800	\$ 24,800
Total revenues	\$ 108,800	\$ 125,200	\$ 104,000	\$ 128,800	\$ 24,800
Expenditures:					
Public Safety -					
Personal services	\$ 81,500	\$ 54,206	\$ 77,400	\$ 50,610	\$ 26,790
Transportation	1,000	1,000	1,000	1,000	1,000
Other services and charges	17,800	14,453	17,250	14,551	2,699
Supplies	950	222	950	433	517
Capital outlay	7,400	7,400	7,400	7,000	400
Total expenditures	\$ 108,650	\$ 68,881	\$ 104,000	\$ 72,594	\$ 31,406
Excess of revenues over expenditures	150	56,319	56,169	56,206	56,206
Other uses:					
Operating transfer out to state treasurer	\$ (150)	\$ (56,319)	\$ (56,169)	\$ (56,206)	\$ (56,206)
Excess of revenues over expenditures and other uses					
Fund balance, beginning					
Fund balance, ending	\$	\$	\$	\$	\$

See Notes to Financial Statements

SUPPLEMENTARY INFORMATION

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

PER DIEM PAID TO BOARD MEMBERS

Year Ended December 31, 1995

	<u>Number of Meetings Attended</u>	<u>Amount</u>
E. P. Breaux	16	\$1,200
Jimmie Cascio	25	1,875
David Champagne	1	75
Jerry Cole, Jr.	17	1,275
Brent Ferguson	16	1,200
Tara Gilliland	11	825
Patrick Gootee	38	2,850
Ronny Graham	13	975
Ralph Grimaldi	12	900
Bobbie Hendrix	1	75
Brent Honore	12	900
Laddie James	5	375
Kim Johnson	1	75
Donald Lambert	152	11,400
Ronald Latiolais	1	75
Byron Talbert	15	1,125
A. Hays Town, Jr.	76	5,700
Ron Williams	5	375
	<u>417</u>	<u>\$31,275</u>
	=====	=====

WILBERT E. GUILFORD, JR.
Certified Public Accountant
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New Orleans, LA 70126
(504) 246-2195

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A
FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

June 20, 1996

To the Board of Directors
Louisiana State Licensing Board for Contractors
Baton Rouge, Louisiana

I have audited the component unit financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1995 and December 31, 1994, and have issued my report thereon dated June 20, 1996.

I have conducted my audits in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana State Licensing Board of Contractors is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1995 and December 31, 1994, I obtained an understanding of its internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors and management. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Wilbert E. Duffell, Jr.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS
AND REGULATIONS BASED ON A
FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

June 20, 1996

To the Board of Directors
Louisiana State Licensing Board for Contractors
Baton Rouge, Louisiana

I have audited the component unit financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1995 and December 31, 1994, and have issued my report thereon dated June 20, 1996.

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

Compliance with laws, regulations, and contracts applicable to the Louisiana State Licensing Board for Contractors is the responsibility of the Louisiana State Licensing Board for Contractors' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Louisiana State Licensing Board for Contractors' compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

I noted certain immaterial instances of noncompliance that I have reported to the management of the Louisiana State Licensing Board for Contractors in a separate letter dated June 20, 1996.

This report is intended for the information of the Board of Directors and management. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Wilbert E. Guilford Jr.

WILBERT E. GUILFORD, JR.

Certified Public Accountant

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June 20, 1996

To the Board of Directors
Louisiana State Licensing
Board for Contractors
7434 Perkins Road
Baton Rouge, LA 70808

In connection with my audit of the financial statements of the Louisiana State Licensing Board for Contractors for the year ended December 31, 1995, I reviewed the Board's accounting procedures, system of internal control, and compliance with laws and regulations. I noted the following areas in which I believe more effective internal controls or compliance with laws and regulations is necessary.

I noted differences between the fixed asset inventory listings and the fixed asset balances on the financial statements.

The Accounting Department in prior years recorded as fixed assets items costing less than \$250. This practice had been in place as far back as 1969 and perhaps earlier. Many of these items are still included in the listing of fixed asset balances reported in the financial statements.

The Purchasing Department, on the other hand, includes in its fixed asset listing only items costing more than \$250. This is to comply with Property Control regulations.

Louisiana Asset Management Laws (R.S. 39:324) requires that a master file of movable property be maintained. It further states that the file shall contain the item description, serial number, location of I.D. mark, cost, and the item location. No dollar threshold is specified.

Property Control regulations requires an inventory only on assets costing more than \$250. Purchasing had several items purged from its listing in 1993 by Property Control. These differing policies may have contributed to the current differences between the two listings.

I recommend conducting a current physical inventory to determine what items are in fact on hand. I also recommend maintaining separate inventory schedules for each classification of equipment (computers, office equipment, and vehicles). I also recommend consistent policies be adopted by both the Accounting and Purchasing Departments with regard to classifying items as fixed assets.

Board of Directors - Page 2.

The Accounting Department has discussed its differences in policies with the Purchasing Department and consistent policies will be adopted. This should minimize future differences between departmental records on fixed assets.

This report is intended for the information of management of the Louisiana State Licensing Board for Contractors and the Legislative Auditor. This restriction is not intended to limit the distribution of this report which is a matter of public record.

Walter E. Ferguson Jr.