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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 decument. 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 \_\_\_\_\_03\_1996 --

WILBERT E. GUILFORD, JR. Certified Public Accountant 7500 West Laverne St. New Orleans, LA 70126 (504) 246-2195

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

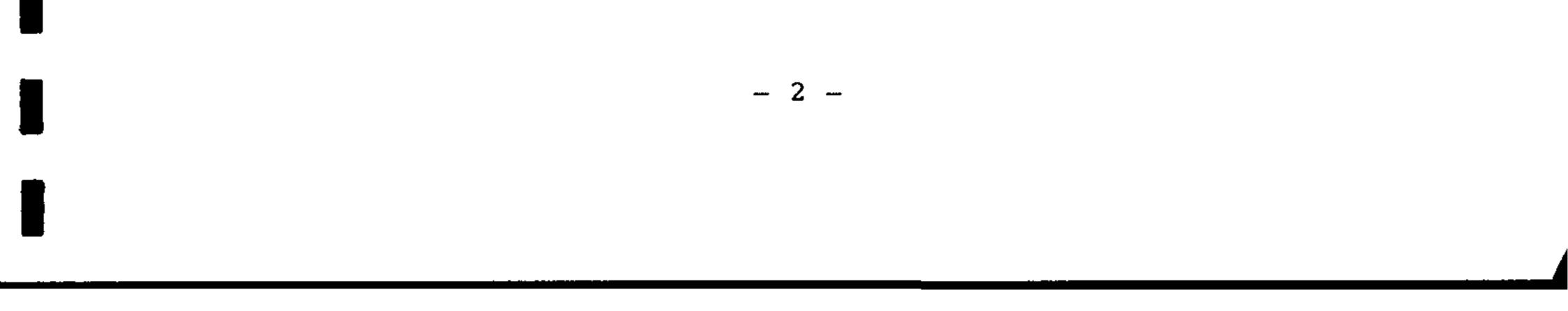
results of the operations of such funds for the years then ended, in conformity with generally accepted accounting principles.

> Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

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.

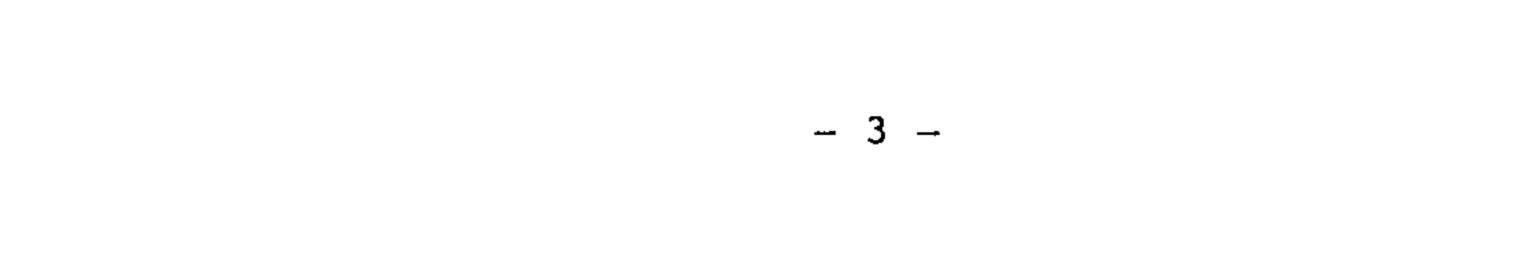
Villet E. Smilfon / M.



### COMPONENT UNIT FINANCIAL STATEMENTS

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LOUISIANA STATE LIC	CEN	LICENSING BOARD	RD FOR	00 6	CONTRACTORS	ORS					Exhibit	ibit A	
COMBINED BALANCE SH (With Comp.	ឆ្ន័ ជី	T – ALL DECEMBI tive Tota	o a N	) TYPES Al , 1995 December	а Б	ACCOU , 1994)	INT GR	OUP	S	Ę	-		
	90	Governmental	Fund Ty	Types	Acc	ccount	Groups			I otals (Mcmorandum		Only)	
		1	Special Revenuc	nc al	General Fixed Assets		Genera Long-Te Debt	General png-Term Debt		1995		1994	
othek Debus sivable st eral Fund quipment, at cost	<b>6</b> 3	274,664 3,613,863 5,828 30,610	\$ 146,950	\$ 950	1,778,343	\$ 343 \$			\$	274,664 3,613,863 5,828 30,610 146,950 1,778,343	- -	$\begin{array}{c} 296,675\\ 3,391,075\\ 4,325\\ 20,548\\ 109,658\\ 1,761,909\end{array}$	
rs f provided for compensated absences	. nor							73,069		73,069		78,793	
and other debits	- €	3.924,965	\$ 14 <u>6,950</u>	950 S	1,778,343	343 S		73,069	Ş	5,923,327	~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	5,662,983	
EQUITY AND OTHER CREDITS													
ble Revenue Fund fund nues absences	\$	$103.573 \\ 146.950 \\ 1.197.900 \\ 35.592$	\$ 1.8 26.3	1,831 S 56,319 88,800		<b>↔</b>		73.069	s	$105,404 \\ 146,950 \\ 56,319 \\ 1,286,700 \\ 108,661$	\$	65,227 109,658 56,206 1,253,725 114,577	
tics	ŝ	1,484,015	\$ 146,950	950 S		s		73,069	\$ \$	1,704,034	\$	1.599,393	
OTHER CREDIIS general fixed assets	ŝ			~	1,778.	<u>343</u> S			ŝ	1,778,343	\$	1,761,909	
ted for building replacement ted for unemployment ted for unemployment tirees tirees ted for the future examination and testing fund ted for subsequent years expenditures ated		300,000 412,628 684,840 200,000 843,482 2,440,950								300,000 412,628 684,840 200,000 843,482 843,482 2,440,950		300,000 339,239 618,960 200,000 843,482 843,482 2,301,681	
nated					-	1							
nd other credits	S	2.440.950	S	0	1,778	. <u>343</u> S			\$ 	4,219,293	~	4,063,590	
s, equity and other credits	S	3.924,965	S 146.	46,950 \$	1,778.3	343 \$		73,069	S	5,923,327	Ş	5.662.983	

Sce Notes to Financial Statements Cash Investments Accounts Receivab Accrued interest Due from General Property and equip OTHER DEBITS Amount to be prov LIABILITIES, EQU LIABILITIES, EQU LIABILITIES Accounts payable Accounts payable Due to Special Rev Due to Special Rev Due to Trust Fund Deferred revenues Compensated abse Total liabilities EQUITY AND OT Investment in gene Fund balances: Unreserved Total equity and o Total assets an ASSETS AND OT ASSETS Total liabilities, Cash

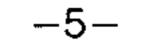
### LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

### 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)

			Special		Tot (Memoran)		_
	_	General	Special Revenue	-	1995	<u>.</u>	1994
Revenues: Licenses and permits	\$	1,654,54 <b>1</b>	\$ 125,200	\$	1,779,741 \$	\$	1,722,840
Miscellaneous Interest earned Rent and other	_	191,731 41,305		_	191,731 41,305	-	137,225 41,702
Total revenues	\$_	1,887,577	\$ 125,200	\$_	2,012,777	\$_	1,901,767

Expenditures: Public Safety								
Personal services Transportation	\$	1,164,067 117,296	\$	54,206	\$	1,218,273 117,296	\$	1,140,338 115,947
Other services and charges Supplies		394,003 23,094		14,453 222		408,456 23,316		285,414 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	\$	0	\$	2,440,950	\$	2,301,681

### See Notes to Financial Statements



LOUISIANA STAT	ב רוכ	STATE LICENSING	BOA	RD	00	FOR CONTRACTORS	SF				Ex	Exhibit C
COMBINED STATEMENT O BUDGET /	OF RE	REVENUES, E ID ACTUAL – Year Ende	EXP - ALL ed D	யுல்	RES NM 31	AND C ENTAL 1995	HANGE FUND	E IN FUND TYPES	BAL	ANCE -		
			Gei	General Fund	q			Sp	Special	Revenue	Fund	q
						Variance– Favorable						Variance– Favorable
	1	Budget		Actual	9	(Unfavorable)		Budget	ļ	Actual	ମ	(Unfavorable)
nits	<del>69</del>	1,533,232	∽	1,654,541	\$	121,309	<del>69</del> )	108,800	\$	125,200	Ś	16,400
		142,345		191,731		49,386						
		40,002		41,305		1,303						- -
ues	\$	1,715,579	ا جو	1,887,577	\$	171,998	: جم	108,800	€ <del>2</del>	125,200	\$	16,400
	4	1 300 300	¥	1 164 067	4	145 373	64	81,500	÷.	54.206	÷	27.294
CN	<del>)</del>	152.000	<del>)</del>		•	34,704	<del>}</del>	1,000	7		r -	1,000
and charges		484,185		394,003		90,182		17,800		14,453		3,347
þ		25,370		23,094		2,276		950		222		728
		46,500		39,987	I	6,513		7,400				7,400
ditures	\$	2,017,445	⇔	1,738,447	\$	278,998	\$	108,650	↔	68,881	<del>\$</del>	39,769
venues over (under) expenditures		(301.866)	,	149,130		450,996		150		56,319		56,169
r out (to oversight unit)					1		i	(150)	1	(56,319)		(56,319)
ver (under) expenditures and other uses	\$	(301,866)	∽	149,130	\$	450,996	∽		\$		\$	
ning	ļ	2.301,681		2,301,681	!		i	0		0		0
ents				(9.861)		(198.01)	~					
50	57	1.999.815	\$	2,440,950	م	441,135	ا جب	0	<i>∽</i>	0	~	0

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Sce Notes to Financial Statements Total expendit Excess of reve Fund balance, beginnis Other services at Excess of revenues ove Prior period adjustme Personal service: Operating transfer Transportation Fund balance, ending Capital outlay Supplies Other uses:

Total revenue

Licenses and permi-Interest earned Rent and other Miscellaneous: Revenues:

Expenditures:

Public Safety-

### 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 Statue 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.

- 7 -

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.

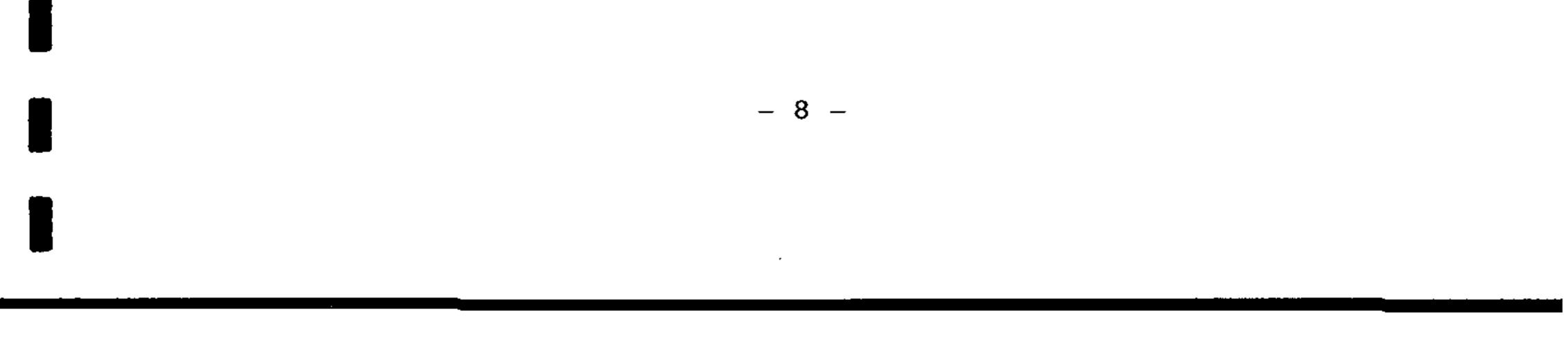
\* The Board's accountant prepares a proposed budget for submission to the Board no later than the regular January board meeting of the budget year.

\* 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.



### **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.

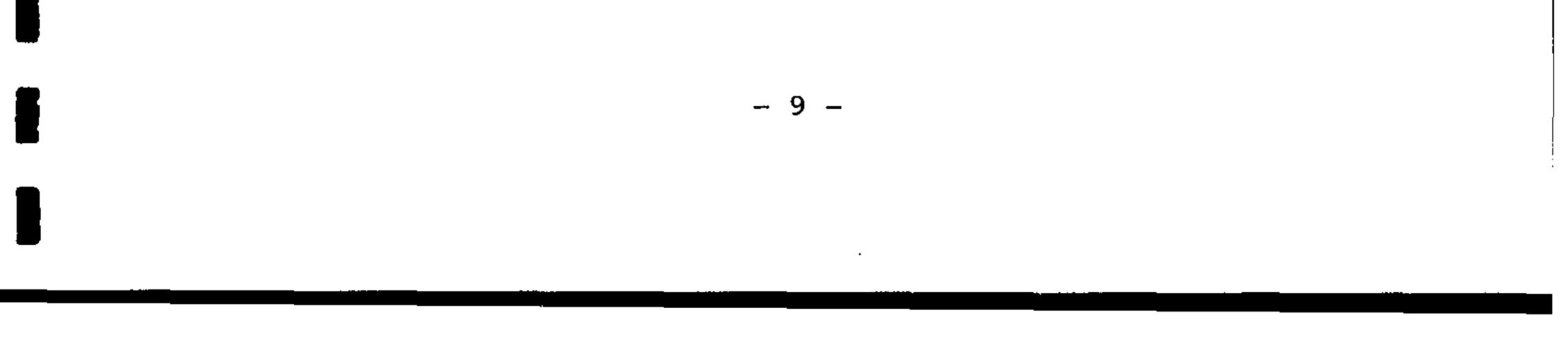
CASH AND INVESTMENTS:

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.



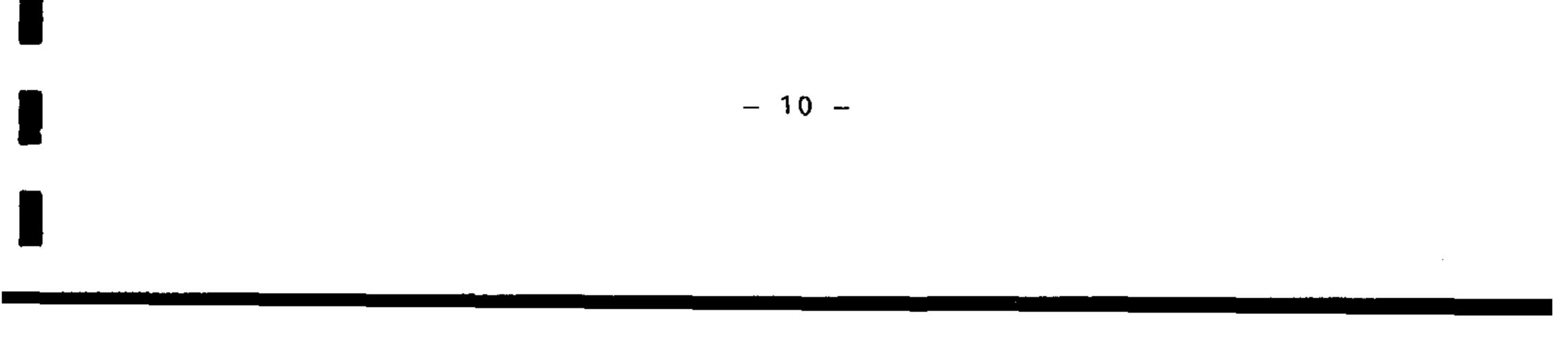
FIXED ASSETS AND LONG-TERM OBLIGATIONS:

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.



Note 2. DEPOSITS AND INVESTMENTS Deposits and investments are carried at cost and consist of the following: December 31, 1995 Carrying Bank Market <u>Balance</u> <u>Value</u> Amount Deposits: \$1,486,201 \$1,486,201 \$ Insured (FDIC, NCUA OR FSLIC) Uninsured: Collateral held by the pledging bank's trust department or the pledging bank's agent in the Board's 1,274,464 1,520,042 name.... Other investments: Federal National Mortgage Association debentures held by dealer, subject to SIPC 1,140,952 1.127.863

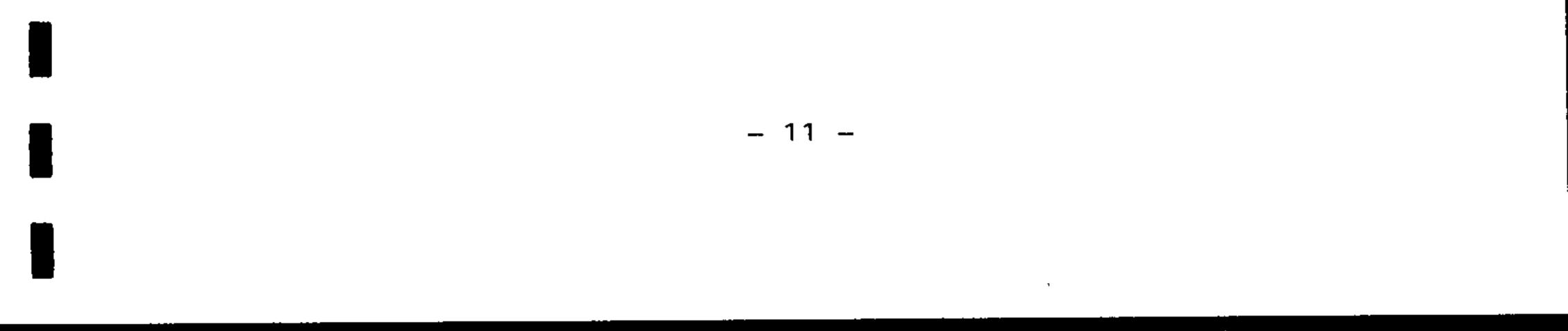
insurance	1,127,863		1,140,954
Total deposits and investments	<u>\$3,888,528</u>	<u>\$3,006,243</u>	\$ <u>1,140,952</u>

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>	ADDITIONS	DELETIONS	Balance December 5 <u>31,1995</u>
Land	\$ 128,248	<u> </u>	<del></del>	\$ 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	34,068	13,907	<u>12,763</u>	35,212
Total	\$1,761,909	39,987	<u>23,553</u>	<u>\$1,778,343</u>



### 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

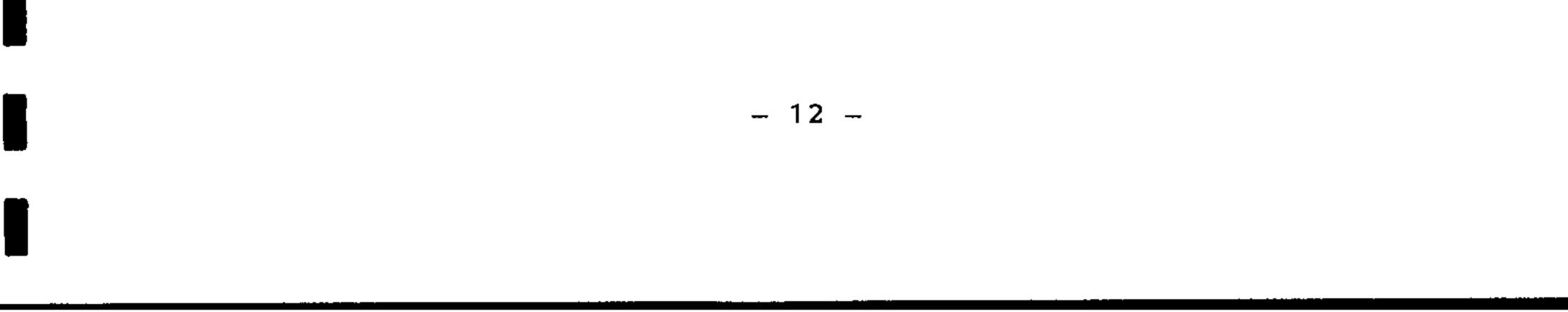
(35, 592)

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

Note 5. CHANGES IN DESIGNATION OF GENERAL FUND BALANCE

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

DESIGNATIONS:	Balance <u>12/31/94</u>	<u>Board Ap</u> Increases	<u>proved</u> <u>Decreases</u>	Balance <u>12/31/95</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>



### Note 6. PENSION PLAN

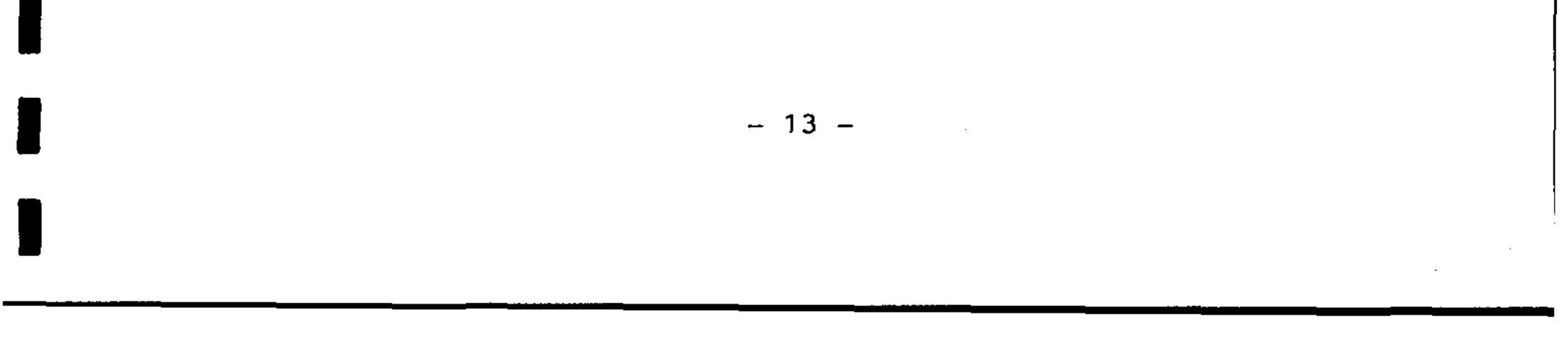
The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate 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 statue.

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 Statue 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.



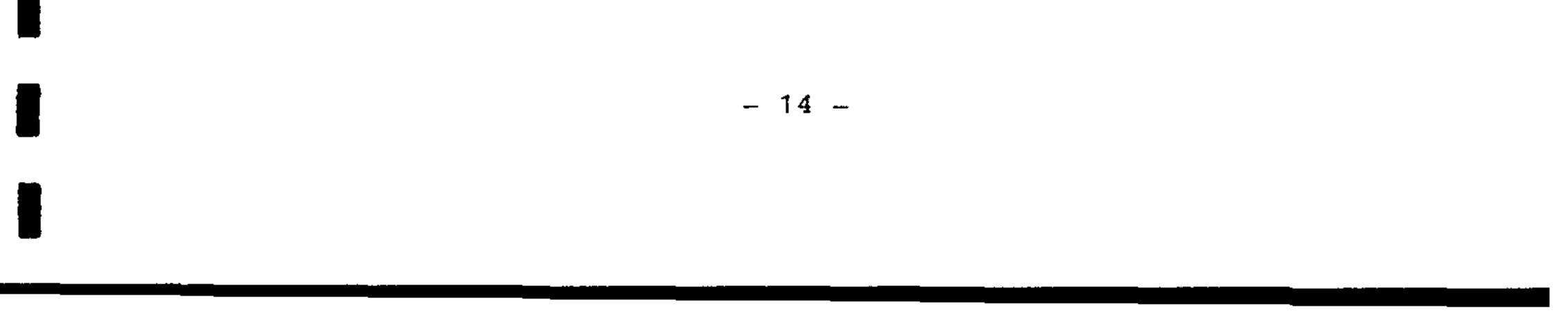
The statutorily required contribution by the Board for the year ended December 31, 1995, was \$162,855, which consisted of \$100,061 as the employer contribution and \$62,794 from covered employees. The actual contribution made to the System by the Board was \$162,855, which consisted of \$100,061 as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



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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.

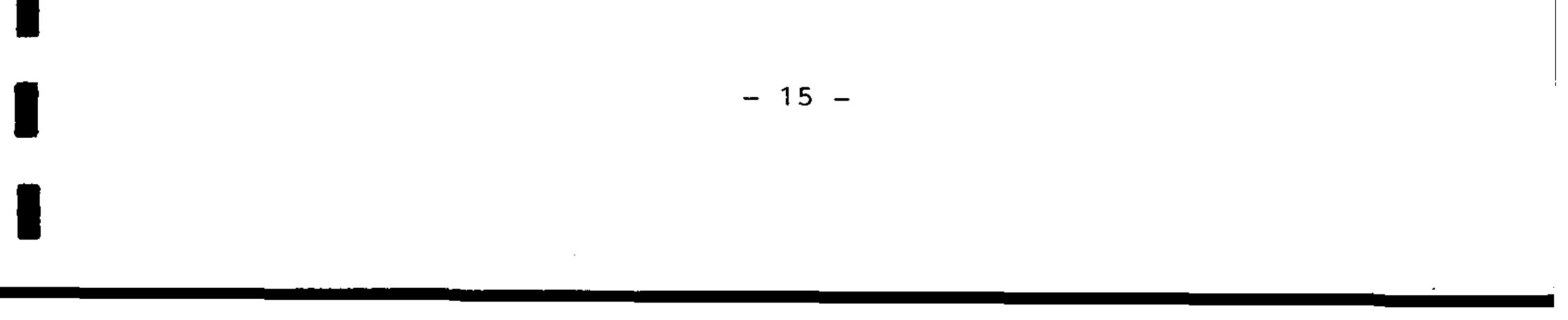
The second case involves an alleged denial of the right to obtain copies of public documents and harm resulting therefrom. This case is dormant at this time.

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.

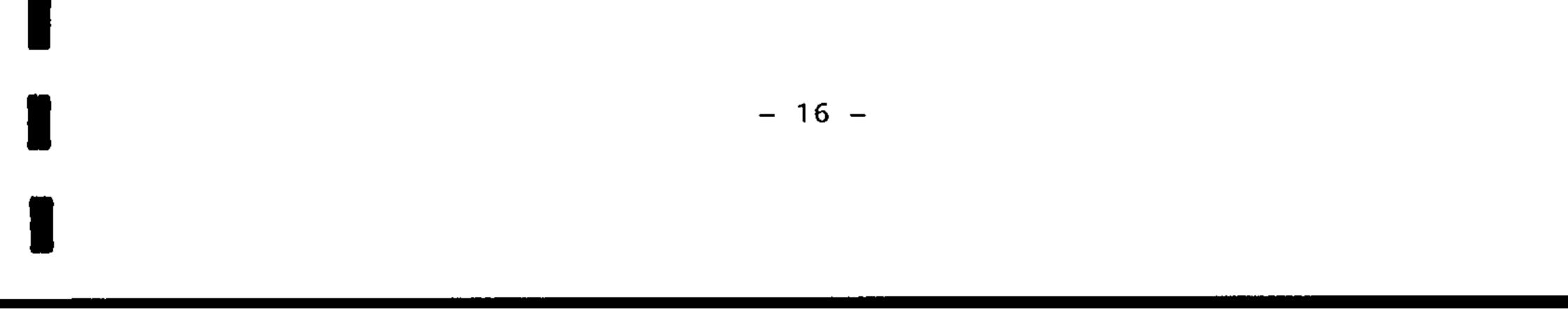


### FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

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### 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.

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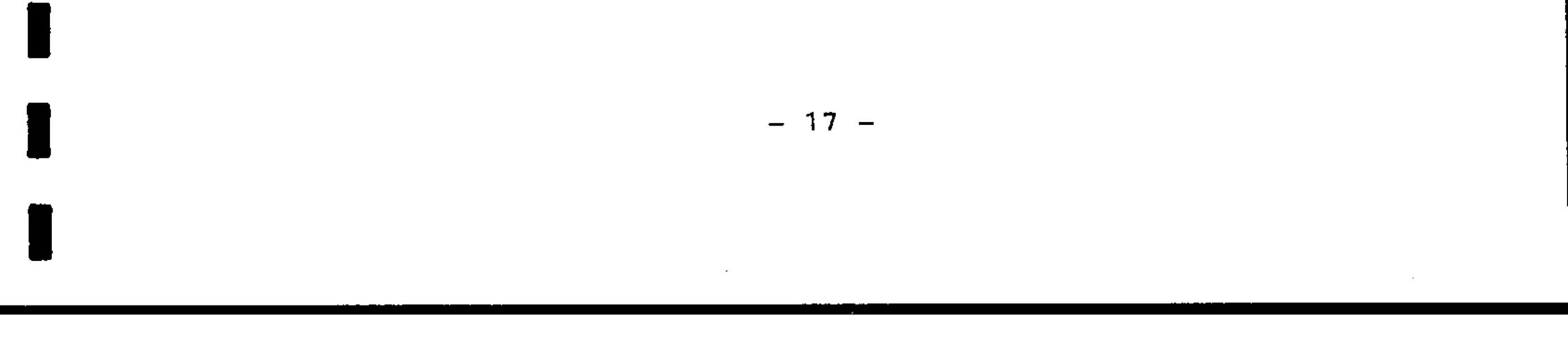


Exhibit D-1

### LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS GENERAL FUND

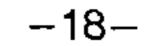
BALANCE SHEETS December 31, 1995 and 1994

	1995		1994
ASSETS			
Cash	\$ 274,664	\$	296,675
Investments	3,613,863		3,391,075
Receivables:			-
Accounts receivable	5,828		4,325
Accrued interest			20,548
Total assets	\$3,924,965	. \$ _	3,712,623

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	\$	1,484,015	\$	1,410,942
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	\$	2,440,950	\$	2,301,681
Total fund balances	¢	2,440,950	\$	2,301,681
Total fund balances	φ_	2,440,200	ጭ	2,501,001
Total liabilities and fund balances	\$_	3,924,965	\$_	3,712,623

### Sec Notes to Financial Statements.



### Exhibit D-2

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

				1995			ļ	1994		1
	1				Va	Varia uce-			Variance	
					Fa	Favorable			Favorable	ble
		Budget	ļ	Actual	(Unf	(Unfavorable)	Budget	Actual	(Unfavorable)	able)
nits	<del>60</del>	1,533,232	Ś	1,654,541	<del>69</del>	121,309 \$	1,419,500 \$	1,594,040	\$ 17	174,540
77 64		142,345 40,002		191,731 41.305		49,386 1,303	95,861 40,002	137,225 41,702	4	41,364
ucs	<b>↔</b>	1,715,579	\$ <del>9</del>	1,887,577	<del>67</del>	171,998 \$	1,555,363 \$	1,772,967	\$21	217,604
	<i>4</i>	002 002 1	<del>67</del>	1.164.067	69	145.323 \$	1.371,514 \$	1,089,728	5°	281,786
CC N	•	152.000	•	117,296	,		137,000	115,947		21,053
u and charses		484,185		394,003		90,182	430,262	270,863	H	159,399
		25,370		23,094		2,276	23,370	16,388		6,982
	1	46,500		39,987		6,513	41,500	23,563		17,937
nditures	<del>6</del> 9	2,017,445	∽	1,738,447	\$	278,998 \$	2,003,646 \$	1,516,489	\$	487,157
evenues over (under) expenditures	[	(301,866)		149,130		450,996	(448,283)	256,478	7	704,761
ning	<del>\$</del>	2,301,681	<del>6</del> 2	2,301,681	<del>6</del>	\$ 	2,042,661 \$	2,042,661	\$	
ments				(9.861)	ł	(9,861)	ł	2,542		2,542
20	<b>~</b>	1,999,815	<b>ا</b> جې	2,440,950	€0	441,135 \$	1,594,378 \$	2,301,681	\$	707,303

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

See Notes to Financial Statements

Other services a Total expend Personal service Fund balance, ending Excess of rev Fund balance, beginni Prior Period Adjustm Transportation Capital outlay Supplies

Total revenue

Public Safety-

Expenditures:

Interest earned Rent and other Licenses and permi Miscellaneous: Revenues:

### 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).

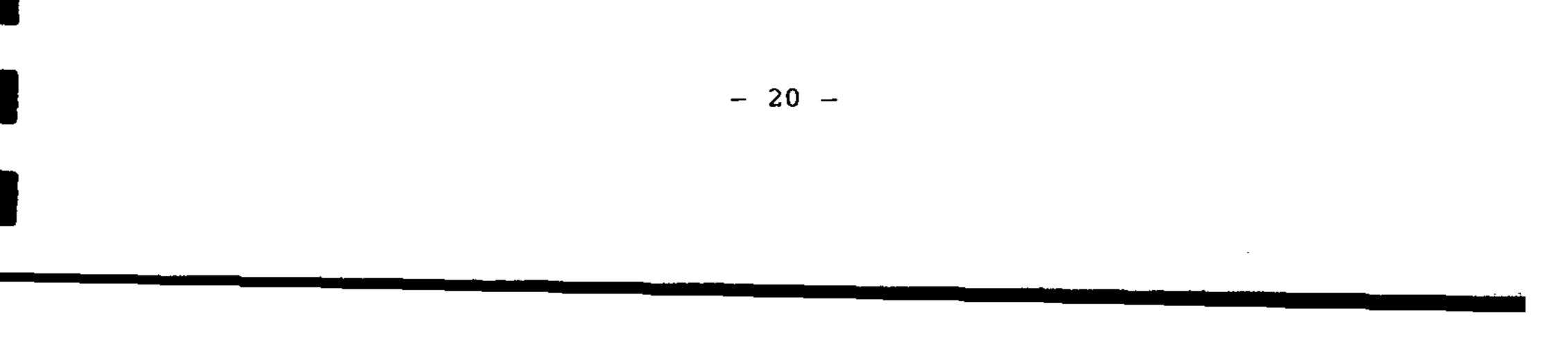


Exhibit E-1

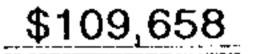
### LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS FOREIGN CONTRACTOR SURCHARGE SPECIAL REVENUE FUND

BALANCE SHEETS December 31, 1995 and 1994

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

### **Total liabilities**

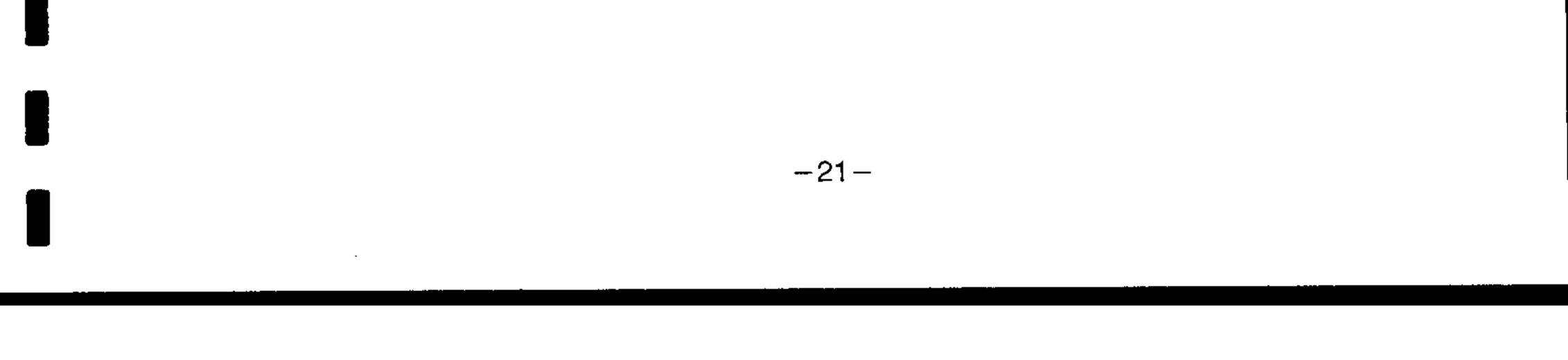
\$146,950



See Notes to Financial Statements.

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### ? Exhibit E-

## **(AL REVENUE FUND** FOREIGN CONTRACTOR SURCHARGE SPECI

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

			1995					1994		
				Variance – Favorable					<u>&gt; ч</u> ;	Variance– Favorable
		Budget	Actual	(Unfavorable)		Budget		Actual	Ð	(Unfavorable)
mits	\$ •	108,800 \$	125,200	\$ 16,400	\$	104,000	\$	128,800	<b>↔</b>	24,800
nues	Ś	108,800 \$	125.200	\$ 16,400	, €	104,000	<b>∽</b>	128,800	\$	24,800
vices	\$	81,500 \$	54,206	\$ 27,294	\$	77,400	∽	50,610	\$	26,790
UO		1,000		1,000		1,000				1,000
es and charges		17.800	14,453	3,347		17,250		14,551		2,699
)		950	222	728		950		433		517
Ŋ		7,400		7,400		7,400		7,000		400
enditures	Ś	108,650 \$	68,881	\$ 39,769	ا جو	104,000	<del>6</del>	72,594	<b>∽</b>	31,406
revenues over expenditures		150	56,319	56,169				56,206		56,206
fer out to state treasurer	<b>↔</b>	(150)\$	(56.319)	\$ (56,169)			↔	(56,206)	↔	(56.206)
s over expenditures and										
inning					1					
ing	Ś	\$		€9	~		~ ~		Ś	

# LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

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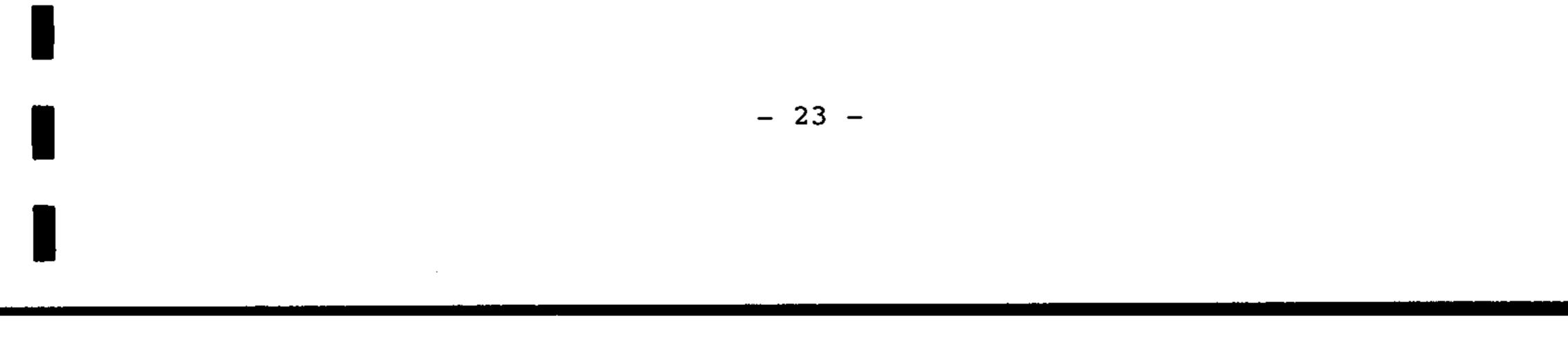
See Notes to Financial Statements

Fund balance, ending Operating transfe Excess of revenues o Fund balance, begini Total reven Personal servic Total expen Transportation Other services Excess of re Capital outlay Public Safety-Expenditures: Supplies other uses Other uses:

Licenses and pem Revenues:

### SUPPLEMENTARY INFORMATION





Schedule 1

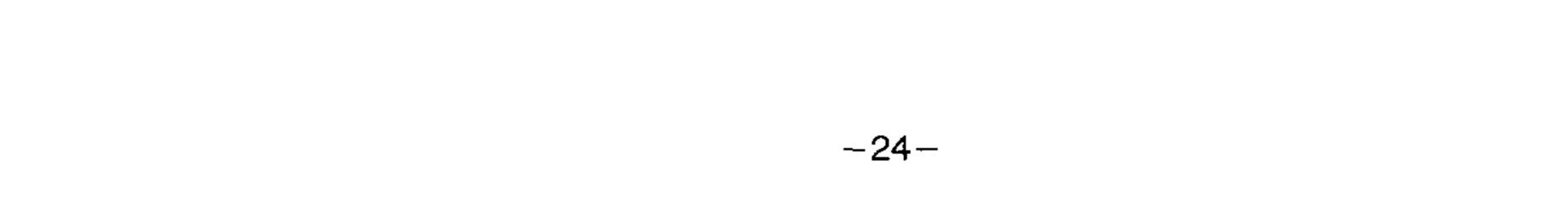
### LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

### PER DIEM PAID TO BOARD MEMBERS

Year Ended December 31, 1995

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	Number of Montines	
	Meetings Attended	Amount
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
	417	\$31,275



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WILBERT E. GUILFORD, JR. Certified Public Accountant 7500 West Laverne St. 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 judgements 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.

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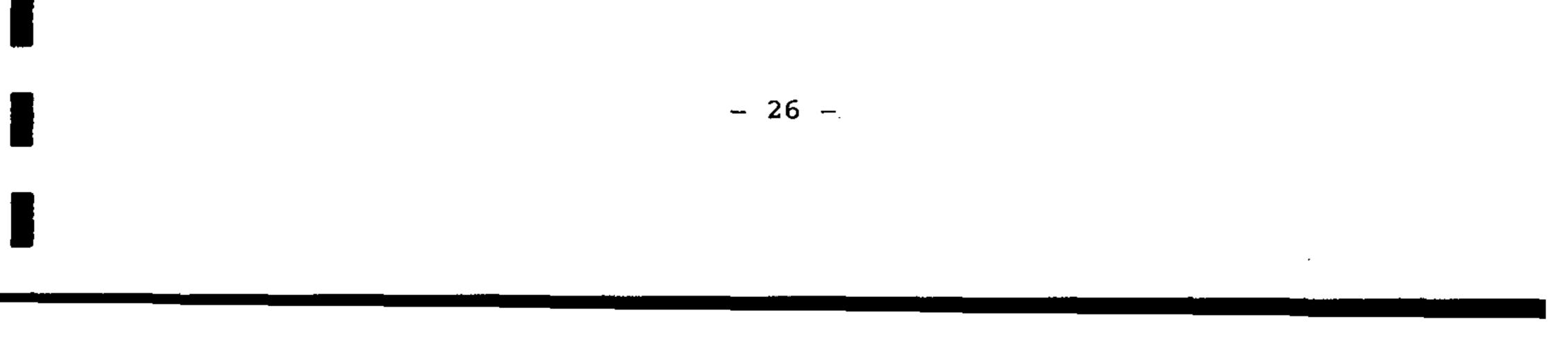
### Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

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.

Willet E. Drift K.



WILBERT E. GUILFORD, JR. Certified Public Accountant 7500 West Laverne St. New Orleans, LA 70126 (504) 246-2195

### 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

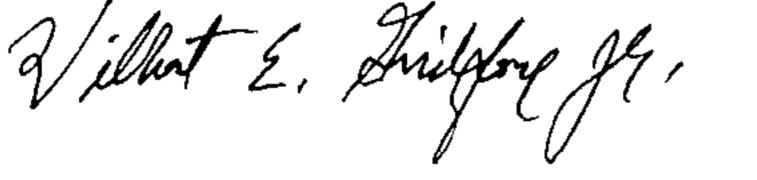
I have audited the component unit financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1995 and December 31, 1994, and have issued my report thereon dated June 20, 1996.

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.



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Member of the American Institute of Certified Public Accountants and the Society of Louisiana Certified Public Accountants

WILBERT E. GUILFORD, JR. Certified Public Accountant RECEIVED 7500 West Laverne St. LEGISLATIVE AUDNEW Orleans, LA 70126 96 JUL - 1 PH 1:03<sup>(504) 246-2195</sup>

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 it's 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 <u>movable</u> 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 <u>only</u> 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.

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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.

With E. High K.

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