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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditors' Reports**

**As of and for the Year Ended June 30, 1996**

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 **OCT 02 1996**

**GEORGE F. DELAUNE  
LEROY J. CIUSTZ\***  
CERTIFIED PUBLIC ACCOUNTANTS



LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 and 1995

Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

*Fund Accounting*

The Board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available resources.

Funds of the Board are classified into one fund type.

*Governmental Funds*

Governmental funds account for all or most of the Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General Fund -- the general operating fund of the Board and accounts for all financial resources, except those required to be accounted for in other funds.

*Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

*Revenues*

Substantially all other revenues are recorded when received.

### Computer Processing Validation

As of April 1, 1994, the agency instituted a policy that required all personnel inputting data from applications filed be date stamped and the operators initial all documents keyed. Our tests of these controls indicates that although in most instances the documents were date stamped, very few initials appeared on the documents.

### Verification of Data Processed

The agency processes over 3,000 applications which are processed into a computer system the agency leases from MAPPER. This information is processed by several employees, some of which are student workers and the agency receives no edit lists on a regular basis.

### Accounting Policy and Procedures Manual

There has been a significant turnover in the account clerk position with the agency. This has led to many inconsistencies in the record keeping and retention within the accounting department.

### Unsecured/Uncollateralized Funds

As of June 30, 1994, the cash balance in the checking account was \$145,925 of which only \$100,000 was covered by federal deposit insurance. This resulted in an uncollateralized balance of \$45,925.

### Collection of Revenues

The agency has assigned the opening of mail and the verification of amounts received to applications to one person and the recording and depositing collections to the account clerk. However, the agency does not use a daily log prepared by the mail clerk to list collections for the day that are verified with the deposit.

GEORGE F. DELAUNE  
LEROY J. CHUSTZ\*  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS  
MATERIAL TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

Louisiana State Board of  
Private Security Examiners  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS (the "Board"), a component unit of the Department of Public Safety, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 17, 1996.

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

Compliance with laws, regulations, contracts, and grants applicable to the Board is the responsibility of management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*George F. Delaune, CPA*

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(504) 665-3102

September 17, 1996

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Our 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 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 general purpose 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. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information of management and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

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GEORGE F. DELAUNE  
LEROY J. CHUSTZ\*  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS**

Louisiana State Board of  
Private Security Examiners  
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS (the "Board"), a component unit of the Department of Public Safety, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 17, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Management of the Board is responsible for establishing and maintaining an internal control structure. In fulfilling that 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 general purpose 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 our audit of the general purpose financial statements of the Board for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.



LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 and 1995

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (504) 922-0600.

*Funding Policy:* Covered employees are required by state statute to contribute 7.5% of gross salary to which the Board adds an 11.9% contribution as an employer's match. Contributions of participating state agencies are pooled within the System to fund accrued benefits with contribution rates approved by the Louisiana Legislature. The Board's contributions to the System for the years ended June 30, 1996, 1995, and 1994, were \$14,983, \$14,092, and \$10,376, respectively, equal to the required contributions for each year.

**NOTE 8 - LITIGATION AND CLAIMS**

At June 30, 1996, legal counsel for the Board states that there are no material or threatened litigation, claims or assessments against the Board except the following:

*Dorothy Michelet v. Scheuering Security Services, Inc., et al*, Suite No. 93-7533, Division "A", Civil District Court, Parish of Orleans, State of Louisiana - This suit arises out of an alleged attack by a security guard licensed by the Board. Monetary damages have not been stated but could be in the area of \$1,000,000.00. The Attorney General's office is handling the file.

**NOTE 9 - COMPENSATION PAID TO BOARD MEMBERS**

Board members do not receive a per diem for meetings attended, but are reimbursed for actual expenses incurred per LSA-R.S. 37:3273 (H)(1).

**NOTE 10 - FEDERAL FINANCIAL ASSISTANCE**

The Board received no federal financial assistance for the year ended June 30, 1996.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 1996 and 1995

**NOTE 4 - CHANGES IN FIXED ASSETS**

A summary of changes in fixed assets follows:

|                         | Furniture       | Computers       | Autos           | Total           |
|-------------------------|-----------------|-----------------|-----------------|-----------------|
| Balance - July 1, 1995  | \$17,798        | \$45,229        | \$13,907        | \$76,934        |
| Additions               | 1,340           |                 |                 | 1,340           |
| Balance - June 30, 1996 | <u>\$19,138</u> | <u>\$45,229</u> | <u>\$13,907</u> | <u>\$78,274</u> |

**NOTE 5 - LEASE COMMITMENT**

On July 19, 1995, the Board entered into a lease agreement for office space which will expire on July 31, 1997. Current year lease expense for office space amounted to \$26,307. At June 30, 1996, the Board was obligated in the amount of \$2,065 per month or a total of \$26,845.

**NOTE 6 - COMPENSATED ABSENCES**

At June 30, 1996, employees of the Board have accumulated and vested \$13,069 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. This amount is recorded in the general long-term obligations account.

**NOTE 7 - RETIREMENT SYSTEM**

*Plan Description:* Substantially all 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 and other political subdivisions, which is administered and controlled by a separate board of trustees.

All full-time Board employees 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 \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. 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.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 1996 and 1995

*Total Columns on Combined Statement*

Total columns on the combined statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. This data does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

**NOTE 3 - CASH**

At June 30, 1996, the Board has cash (book balances) totaling \$297,010 as follows:

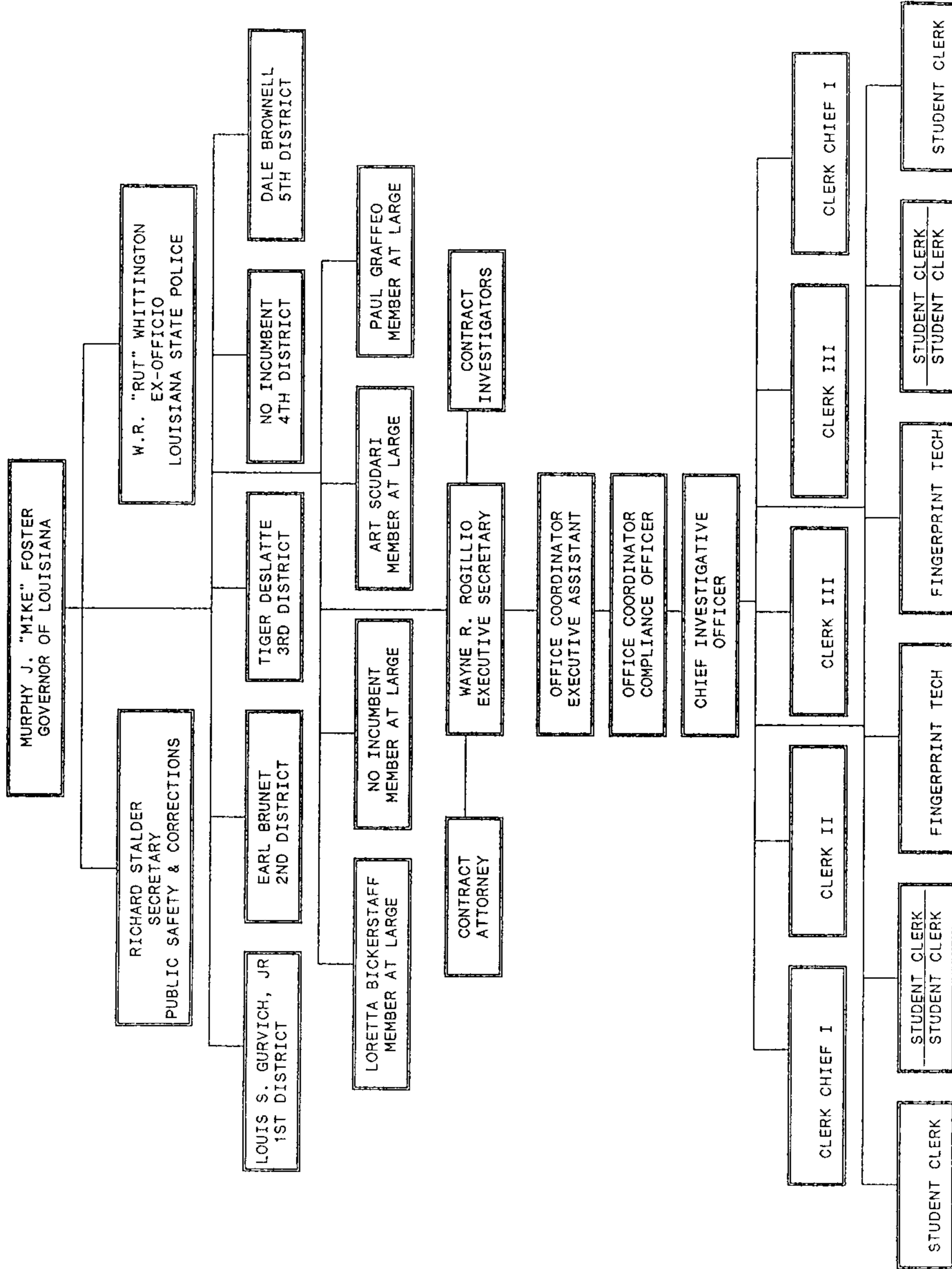
|                         |           |
|-------------------------|-----------|
| Petty cash              | \$250     |
| Demand deposits         | 145,953   |
| Money market account    | 50,807    |
| Certificates of deposit | 100,000   |
| Total                   | \$297,010 |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1996, the Board has \$295,259 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance \$250,807 and \$150,000 in pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Board that the fiscal agent has failed to pay deposited funds upon demand.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS

ORGANIZATIONAL CHART



LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 and 1995

*Expenditures*

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual and sick leave, which is recognized when paid.

Budget Practices

During the 1989 Regular Legislative Session, the Louisiana Licensing Agency Budget Act (Act 751) was passed which enacted Louisiana Revised Statutes 39:1331 through 1342. The intent of this legislation is to provide for full disclosure of the proposed budgets and financial information of licensing agencies through review by the Legislature of submitted budget documents. LSA-R.S. 39:1333 provides that each licensing agency shall annually prepare a comprehensive budget presenting a complete financial plan for the ensuing fiscal year. LSA-R.S. 39:1335 provides that a copy of this budget be submitted to the Joint Legislative Committee on the Budget, the Legislative Auditor, the Legislative Fiscal Office, and each chairman of a standing committee of the legislature having jurisdiction as listed in R.S. 49:968.

Annually, the Board adopts the budget for the General Fund which is submitted in accordance with LSA-R.S. 39:1335. The budget for the General Fund is prepared on the accrual basis.

All budget appropriations lapse at the end of each fiscal year.

All budget amendments must be approved by the Board.

Budgeted amounts are as amended on June 21, 1996.

Encumbrances

The Board does not follow the encumbrance method of accounting.

Cash

Cash includes petty cash, demand deposits, interest-bearing demand deposits, and money market accounts. Under state law, the Board may deposit funds with a bank organized under Louisiana law or of any other state of the United States, or under the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1996

**NOTE 1 - INTRODUCTION**

The Louisiana State Board of Private Security Examiners (the "Board") was created under the provisions of Louisiana Revised Statute 37:3270-3298 as an agency of the state government in the Department of Public Safety and Corrections. The Board licenses and regulates the contract security industry in the state. The governing board consists of nine members appointed by the governor. One member shall be appointed from and shall reside in each of the five public service commission districts established by law. Four members shall be appointed from the state at large. Each member shall be a citizen of the United States, a resident of Louisiana, at least thirty years of age, and shall have been actively engaged in the private security business for at least five years. One of the members appointed at large shall be a representative of a nationally operated security company. Each member shall be licensed or registered with the board or a corporate officer of a licensed company. Each appointed member shall serve at the pleasure of the governor for a term concurrent with the term of office of the governor appointing him, except that each member shall serve until his successor has been appointed and begins serving.

As required by law, the Board is domiciled at 11848 S. Harrell's Ferry Road, Suite D, Baton Rouge, LA 70879-6510, telephone (504) 295-8486.

Operations of the Board are funded through collections of fees and fines.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

In April 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 government. The accounting financial statements have been prepared in accordance with such principles.

*Reporting Entity*

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the governing board and can impose his will upon the board. The accompanying financial statements present information only as to the transactions of the Louisiana State Board of Private Security Examiners, a component unit of the State of Louisiana. Annually, the State of

|   | Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------|------------------|--|
| Expenditures:                                     |                  |                  |  |
| Current operating -                               |                  |                  |  |
| Board members per diem and expenses               | 14,000           | 16,169           | (2,169)                                |
| Salaries and benefits -                           |                  |                  |  |
| Salaries  | 202,280          | 205,464          | (3,184)                                |
| Retirement  | 16,860           | 14,983           | 1,877                                  |
| Payroll taxes                                     | 6,264            | 5,509            | 755                                    |
| Group medical insurance                           | 3,500            | 1,827            | 1,673                                  |
| Unemployment                                      | 2,800            | 2,709            | 91                                     |
| Professional services -                           |                  |                  |  |
| Accounting  | 6,000            | 3,253            | 2,747                                  |
| Contract labor                                    | 1,000            | 807              | 193                                    |
| Legal fees  | 24,000           | 16,423           | 7,577                                  |
| Investigator                                      | 15,000           | 10,251           | 4,749                                  |
| Rentals -   |                  |                  |  |
| Building  | 30,500           | 26,307           | 4,193                                  |
| Equipment   | 5,500            | 3,161            | 2,339                                  |
| Other purchased services -                        |                  |                  |  |
| Insurance   | 2,000            | 3,754            | (1,754)                                |
| Telephone   | 5,000            | 4,879            | 121                                    |
| Advertising                                       | 125              | 72               | 53                                     |
| Printing  | 7,000            | 4,772            | 2,228                                  |
| Travel  | 3,000            | 1,567            | 1,433                                  |
| Membership  | 500              | 262              | 238                                    |
| Education   | 3,000            | 77               | 2,923                                  |
| Relocation expense                                | 15,000           | 5,967            | 9,033                                  |
| Maintenance and supplies -                        |                  |                  |  |
| Repairs and maintenance                           | 6,000            | 4,632            | 1,368                                  |
| Auto expense                                      | 1,500            | 1,203            | 297                                    |
| Computer expense                                  | 3,000            | 2,102            | 898                                    |
| Office supplies                                   | 7,000            | 5,937            | 1,063                                  |
| Postage   | 9,000            | 7,756            | 1,244                                  |
| Miscellaneous                                     | 2,500            | 525              | 1,975                                  |
| Interest and penalties                            | 500              |                  | 500                                    |
| Total Current Operating                           | 392,829          | 350,368          | 42,461                                 |
| Capital outlays                                   |                  | 1,340            | (1,340)                                |
| Total Expenditures                                | 392,829          | 351,708          | 41,121                                 |
| Excess (Deficiency) of Revenues Over Expenditures | (31,429)         | 47,772           | 79,201                                 |
| Fund Balance - July 1, 1995                       | 171,907          | 238,657          | 66,750                                 |
| <b>FUND BALANCE - JUNE 30, 1996</b>               | <b>\$140,478</b> | <b>\$286,429</b> | <b>\$145,951</b>                       |

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 1996

|                          | Budget         | Actual         | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|----------------|----------------|--|
| Revenues:                |                |                |  |
| Renewal fees -           |                |                |  |
| Guards                   | \$53,000       | \$40,640       | (\$12,360)                             |
| Application fees -       |                |                |  |
| Guard                    | 115,000        | 171,010        | 56,010                                 |
| Instructor               | 600            | 760            | 160                                    |
| License fees -           |                |                |  |
| Company                  | 35,800         | 34,880         | (920)                                  |
| Transfer fees -          |                |                |  |
| Guard                    | 12,000         | 6,650          | (5,350)                                |
| Instructors -            |                |                |  |
| Classroom                | 4,500          | 4,150          | (350)                                  |
| Firearms                 | 3,200          | 2,550          | (650)                                  |
| Baton                    | 500            | 900            | 400                                    |
| Other fees -             |                |                |  |
| Examination              | 2,500          | 2,120          | (380)                                  |
| Fines                    | 70,000         | 55,835         | (14,165)                               |
| Fingerprints             | 50,000         | 60,075         | 10,075                                 |
| Miscellaneous            | 8,000          | 10,275         | 2,275                                  |
| Miscellaneous revenues - |                |                |  |
| Other                    | 3,500          | 1,407          | (2,093)                                |
| Interest income          | 2,800          | 8,228          | 5,428                                  |
| <b>Total Revenues</b>    | <b>361,400</b> | <b>399,480</b> | <b>38,080</b>                          |

The accompanying notes are an integral part of this statement.



|                                      |                              |
|--------------------------------------|------------------------------|
| Expenditures:                        |                              |
| Current operating -                  |                              |
| Board members expenses               | 16,169                       |
| Salaries and benefits -              |                              |
| Salaries                             | 205,464                      |
| Retirement                           | 14,983                       |
| Payroll taxes                        | 5,509                        |
| Group medical insurance              | 1,827                        |
| Unemployment                         | 2,709                        |
| Professional services -              |                              |
| Accounting                           | 3,253                        |
| Contract labor                       | 807                          |
| Legal fees                           | 16,423                       |
| Investigator                         | 10,251                       |
| Rentals -                            |                              |
| Building                             | 26,307                       |
| Equipment                            | 3,161                        |
| Other purchased services -           |                              |
| Insurance                            | 3,754                        |
| Telephone                            | 4,879                        |
| Advertising                          | 72                           |
| Printing                             | 4,772                        |
| Travel                               | 1,567                        |
| Membership                           | 262                          |
| Education                            | 77                           |
| Relocation expense                   | 5,967                        |
| Maintenance and supplies -           |                              |
| Repairs and maintenance              | 4,632                        |
| Auto expense                         | 1,203                        |
| Computer expense                     | 2,102                        |
| Office supplies                      | 5,937                        |
| Postage                              | 7,756                        |
| Miscellaneous                        | 525                          |
|                                      | <hr/>                        |
| Total Current Operating              | 350,368                      |
| Capital outlays                      | <hr/> 1,340                  |
| Total Expenditures                   | <hr/> 351,708                |
| Excess of Revenues Over Expenditures | 47,772                       |
| Fund Balance - July 1, 1995          | <hr/> 238,657                |
| <b>FUND BALANCE - June 30, 1996</b>  | <hr/> <hr/> <b>\$286,429</b> |

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 1996

|                          |  |          |
|--------------------------|--|----------|
| Revenues:                |  |          |
| Renewal fees -           |  |          |
| Guards                   |  | \$40,640 |
| Application fees -       |  |          |
| Guard                    |  | 171,010  |
| Instructor               |  | 760      |
| License fees -           |  |          |
| Company                  |  | 34,880   |
| Transfer fees -          |  |          |
| Guard                    |  | 6,650    |
| Instructors -            |  |          |
| Classroom                |  | 4,150    |
| Firearms                 |  | 2,550    |
| Baton                    |  | 900      |
| Other fees -             |  |          |
| Examination              |  | 2,120    |
| Fines                    |  | 55,835   |
| Fingerprints             |  | 60,075   |
| Miscellaneous            |  | 10,275   |
| Miscellaneous revenues - |  |          |
| Other                    |  | 1,407    |
| Interest income          |  | 8,228    |
|                          |  | <hr/>    |
| Total Revenues           |  | 399,480  |
|                          |  | <hr/>    |

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 1996

|  | Governmental<br>Fund Type | Account Groups          |                           | Totals<br>(Memorandum<br>Only) |
|--|---------------------------|-------------------------|---------------------------|--------------------------------|
|  | General                   | General<br>Fixed Assets | General Long<br>Term Debt |                                |
| <b>ASSETS</b>  |                           |                         |                           |                                |
| Cash   | \$297,010                 |                         |                           | \$297,010                      |
| Receivables -  |                           |                         |                           |                                |
| Accrued interest   | 4,345                     |                         |                           | 4,345                          |
| Prepaid withholdings   |                           |                         |                           |                                |
| Property, Plant and Equipment -                                  |                           |                         |                           |                                |
| Furniture and fixtures   |                           | \$19,138                |                           | 19,138                         |
| Computer and equipment   |                           | 45,229                  |                           | 45,229                         |
| Automobile   |                           | 13,907                  |                           | 13,907                         |
| Amount to be provided for liquidation of<br>Compensated absences |                           |                         | \$13,069                  | 13,069                         |
| <b>TOTAL ASSETS</b>  | <u>\$301,355</u>          | <u>\$78,274</u>         | <u>\$13,069</u>           | <u>\$392,698</u>               |
| <b>LIABILITIES AND FUND EQUITY</b>                               |                           |                         |                           |                                |
| Liabilities:   |                           |                         |                           |                                |
| Accounts payable   | \$3,647                   |                         |                           | \$3,647                        |
| Accrued liabilities -  |                           |                         |                           |                                |
| Salaries   | 6,388                     |                         |                           | 6,388                          |
| Payroll deductions and accruals                                  | 4,891                     |                         |                           | 4,891                          |
| Compensated absences   |                           |                         | \$13,069                  | 13,069                         |
| Total Liabilities  | <u>14,926</u>             |                         | <u>13,069</u>             | <u>27,995</u>                  |
| Fund Equity:   |                           |                         |                           |                                |
| Investment in general fixed assets                               |                           | \$78,274                |                           | 78,274                         |
| Fund balances -  |                           |                         |                           |                                |
| Unreserved --  |                           |                         |                           |                                |
| Undesignated   | 286,429                   |                         |                           | 286,429                        |
| Total Fund Equity  | <u>286,429</u>            | <u>78,274</u>           |                           | <u>364,703</u>                 |
| <b>TOTAL LIABILITIES AND FUND EQUITY</b>                         | <u>\$301,355</u>          | <u>\$78,274</u>         | <u>\$13,069</u>           | <u>\$392,698</u>               |

The accompanying notes are an integral part of this statement.

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GEORGE F. DELAUNE  
LEROY J. CHUSTZ\*  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS**

Louisiana State Board of  
Private Security Examiners  
Baton Rouge, Louisiana

We have audited the accompanying general purpose financial statements of the LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS, a component unit of the Department of Public Safety, State of Louisiana, as of and for the year ended June 30, 1996, as listed in the Table of Contents. These general purpose financial statements are the responsibility of management of the Louisiana State Board of Private Security Examiners' management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Louisiana State Board of Private Security Examiners, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 17, 1996, on our consideration of the Louisiana State Board of Private Security Examiners' internal control structure and a report dated September 17, 1996, on its compliance with laws and regulations.

*George F. Delaune, CPA*

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New Roads, LA 70760  
(504) 638-3387

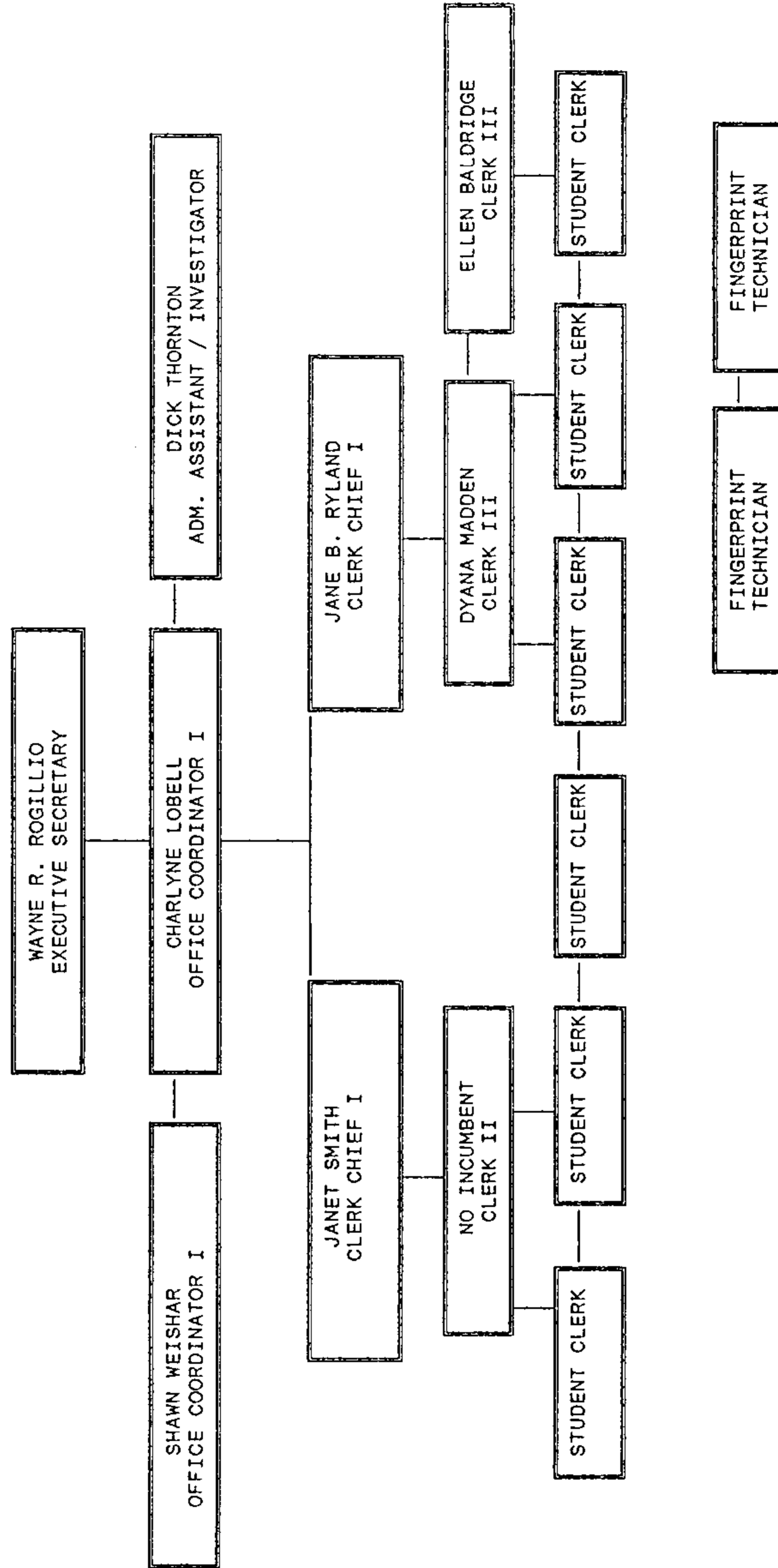
*Leroy J. Chustz, CPA*

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(504) 665-3102

September 17, 1996

08/06/96

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
OFFICE ORGANIZATIONAL CHART



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LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 1996 and 1995

Bad Debts

The Board uses the direct charge-off method whereby uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

Inventories

Inventories for supplies are considered immaterial and are recorded as expenditures when purchased.

Fixed Assets

General fixed assets have been acquired or constructed for general governmental purposes and are recorded at historical cost. Donated fixed assets are valued at their fair market value on the date donated. The cost of additions includes contracted work, direct labor, materials and allowable costs. Significant additions, improvements, maintenance and repairs are capitalized. Assets are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets.

Compensated Absences

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the General Fund when leave is actually taken. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in the general long-term obligations account group.

Fund Equity

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.