

E. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Board. Further, the Board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state-chartered credit unions.

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$69,225 at June 30, 1996. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. As of June 30, 1996, the amount on deposit was secured as follows:

	<u>Cash</u>
Carrying Amount on Balance Sheet	\$ <u>69,225</u>
Bank Balance:	
1. Insured (FDIC)	\$ 69,125
2. Uncollateralized, including any securities held for the entity but not in the entity's name - Petty Cash	<u>100</u>
Total Bank Balances	\$ <u>69,225</u>

Zahn, Kenney & Bresette
Certified Public Accountants

Louisiana State Board of Examiners of Interior Designers
Department of Economic Development
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the Louisiana State Board of Examiners of Interior Designers (Board) for the year ended June, 30 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

We previously reported on the Board's internal control structure in our report dated September 11, 1996. This letter does not affect our report dated September 11, 1996 on the financial statements of the Board. However, during our audit, we noted the following items that are opportunities for strengthening internal controls and operating efficiency.

- 1.) In accordance with Part V. Policy and Procedure memorandum, Chapter 15, General Travel Regulations - P.P.M. 49, Section 1505 all claims for travel reimbursement must "show all expenses in detail to the end that the total cost of the trip shall be reflected by the travel voucher." The Board does not require that the travel expense reimbursement request form be completed in its entirety. The reverse of the form which lists details of the expenses including odometer readings for mileage reimbursement requests, is not required to be completed. Prior to reimbursing any travel expenses, this form should be completed in full and checked for accuracy.
- 2.) Checks received by the Board are not being deposited on a timely basis. In some cases checks were held in excess of a week prior to being deposited. Checks should be deposited on a more timely basis.
- 3.) In two instances, checks, which had not cleared the bank, were replaced by newly issued checks because the payee stated that the original check had not arrived. No stop payment was processed on the original checks.

A stop payment should be made against the original check prior to issuance of a replacement check.

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LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT

STATE OF LOUISIANA

SCHEDULE OF PER DIEM PAID BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 1996

<u>Name</u>	<u>Amount</u>
J. Daniel Bouligny	\$ 450
William D. Ray	300
Deborah Steinmetz	300
Robert King	300
Michele Braden	225
Paulette Hebert	300
Missy Wagner	<u>375</u>
Total	\$ <u>2,250</u>

We noted a matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Reportable Condition:

There is an absence of appropriate segregation of duties consistent with appropriate control objectives. This occurs because the Board is not large enough to allow the employment of additional people, for the purpose of segregation of duties, to be practicable from a financial standpoint.

A material weakness is a reportable condition in which the design or operation of the specific 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 financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

This report is intended for the information of Board management and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Myahm K. Penney & Associates

Metairie, Louisiana
September 11, 1996

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
OR BASIC FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Louisiana State Board of Examiners of Interior Designers
Department of Economic Development
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana State Board of Examiners of Interior Designers (the Board), a component unit of the Department of Economic Development, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 11, 1996.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Board, for the year ended June 30, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Board is responsible for establishing and maintaining 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 the 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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE OR BASIC
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Louisiana State Board of Examiners of Interior Designers
Department of Economic Development
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana State Board of Examiners of Interior Designers (Board), a component unit of the Department of Economic Development, State of Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated September 11, 1996.

We conducted our 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 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 the Board's 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 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 herein, under government auditing standards.

This report is intended for the information of the Board, management, and the Legislative Audit Advisory Committee. However, this report is a matter of public record and its distribution is not limited.

Myah Benney & Brusille

Metairie, Louisiana
September 11, 1996

N. RELATED PARTY TRANSACTIONS

The Board has entered into an informal agreement with the Louisiana Auctioneers Licensing Board to share furniture and equipment, payroll costs, and office expenses. At June 30, 1996 there were no payables or receivables between the two Boards.

O. LITIGATION

At June 30, 1996, there was no litigation pending against the Board.

P. PRIOR PERIOD ADJUSTMENT

There were no prior-period adjustments in the fiscal year ended June 30, 1996.

- 4.) A check was marked as void on the stub and was attached to the back of the stub. This check was not properly "defaced" (voided) to ensure that it could not be used.
- 5.) The budget was not in accordance with LSA-R.S. 24:522(0)(2) which requires "all state agencies... develop specific goals and objectives...". Further more, it requires that "they should report on program goals and objectives in developing annual budgets...". The Board has not developed specific goals and objectives, including measures of performance. In order to comply, it must do so.
- 6.) Actual revenues were 22% less than amount budgeted. The budget was not amended for this short fall.
- 7.) The budget included a deficit. This condition should be avoided.

We will review the status of these comments during our next audit engagement. We have already discussed these matters with Board management. We will be pleased to perform any additional study of these matters or to assist in implementation of procedures to rectify them.

Zahn, Kernan + Dresette

Metairie, Louisiana
September 11, 1996

I. GENERAL FIXED ASSETS

Fixed assets used in the governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided for on these fixed assets. All fixed assets are valued at historical cost or estimated historical cost.

The changes in general fixed assets (all furniture and equipment) follows:

Balance at June 30, 1995	\$ 20,985
Additions	-
Deletions	<u>-</u>
Balance at June 30, 1996	<u>\$ 20,985</u>

J. PENSION PLAN

The Board's employee participates in the Louisiana State Employees' Retirement System (LASERS). In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional 12% of gross salary. Current year contributions to the system were funded through employee and employer contributions of \$990 and \$1,554 respectively. The total current year payroll of the agency was \$13,454 and its current year payroll covered by the retirement system was \$13,200. Under present statutes, the Board does not guarantee any of the benefits granted by the retirement system.

K. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for

F. INVESTMENTS

The Board does not maintain investment accounts.

G. VACATION AND SICK LEAVE

The Board has the following policy related to annual and sick leave. The earning of annual and sick leave is based on the equivalent of full-time state service. It is credited at the end of each regular pay period of 80 hours of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar years without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay.

Upon retirement or resignation, the employee is not paid for any unused sick leave. Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 1996, the employee of the Board had accumulated and vested \$2,831 of employee leave benefits, which was computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16. Of this amount \$927 is recorded as an obligation of the General Fund and \$1,904 is recorded within the General Long-Term Debt Account Group.

H. TOTAL COLUMNS ON STATEMENTS

The total column on the Balance Sheet is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Board prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State. The accompanying statements present only transactions of the Board, a component unit of the State.

Annually the State issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

B. FUND ACCOUNTING

The accounts of the Board are organized into a general fund and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

The fund and account groups presented in the financial statements are described as follows:

General Fund

The general fund is used to account for the general operations of the Board. The various revenues and expenditures are accounted for in this fund.

Account Groups

The two account groups are not "Funds." They are concerned only with the measurement of financial position, not with measurement of results of operations.

LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Examiners of Interior Designers (the Board) is a component unit of the State of Louisiana (the State) created within the Louisiana Department of Economic Development, as provided by Louisiana Revised Statutes 37:3171. The Board operates within the Department of Economic Development and is composed of seven members, appointed by the Governor. The members serve terms concurrent to the term of office of the Governor appointing them, except that each member shall serve until his successor has been appointed and begins serving. It is charged statutorily with the protection of the public health, safety, and welfare of the people of the State by prohibiting the use of the title "licensed interior designer" by non licensed persons, to establish a board to set rules and criteria for licensing to protect the public from those not competent, and to prescribe penalties for violations. Operations of the Board are funded with self-generated license, examination and other related fees.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of the state and local governmental entities. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Licenses, permits and fees	\$ 30,656	\$ 28,560	(2,096)
Educational program fees	24,636	12,760	(11,876)
Use of money	2,803	3,322	519
Other	<u>-</u>	<u>638</u>	<u>638</u>
Total revenues	58,095	45,280	(12,815)
<u>EXPENDITURES</u>			
Personal services and related benefits	21,000	18,586	2,414
Travel and other charges	3,000	2,388	612
Materials and supplies	1,000	813	187
Operating services	19,500	12,266	7,234
Professional services	47,700	21,755	25,945
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>93,200</u>	<u>55,808</u>	<u>37,392</u>
Excess (deficiency) of revenues over expenditures	(35,105)	(10,528)	\$ 24,577
<u>FUND BALANCE</u>			
Fund Balance, July 1, 1995	<u>77,837</u>	<u>77,837</u>	<u>-</u>
Fund Balance, June 30, 1996	<u>\$ 42,732</u>	<u>\$ 67,309</u>	<u>\$ 24,577</u>

(See notes to financial statements)

LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 1996

REVENUES

Licenses, permits, and fees	\$ 28,560
Educational program fees	12,760
Use of money	3,322
Other	<u>638</u>
Total revenues	45,280

EXPENDITURES

Personal services and related benefits	18,586
Travel and other charges	2,388
Materials and supplies	813
Operating services	12,266
Professional services	<u>21,755</u>
Total expenditures	<u>55,808</u>
Excess of expenditures over revenues	(10,528)

FUND BALANCE

Fund Balance, July 1, 1995	<u>77,837</u>
Fund Balance, June 30, 1996	\$ <u>67,309</u>

(See notes to financial statements)

LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

COMBINED BALANCE SHEET - ALL FUND
TYPES AND ACCOUNT GROUPS

JUNE 30, 1996

	GOVERNMENTAL FUND TYPE General Fund	ACCOUNT GROUPS		Total (Memo Only)
		General Fixed Assets	General Long-Term Obligations	
<u>ASSETS</u>				
Cash	\$ 69,225	\$ -	\$ -	\$ 69,225
Prepaid expenses	648	-	-	648
Fixed assets	-	20,985	-	20,985
Amount to be provided for payment of accrued leave	-	-	1,904	1,904
Total assets	<u>\$ 69,873</u>	<u>\$ 20,985</u>	<u>\$ 1,904</u>	<u>\$ 92,762</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	\$ 1,129	\$ -	\$ -	\$ 1,129
Accrued expenses	508	-	-	508
Accrued annual leave	927	-	1,904	2,831
Total liabilities	2,564	-	1,904	4,468
<u>FUND BALANCES</u>				
Investment in general fixed assets	-	20,985	-	20,985
Fund balance, unreserved, undesignated	67,309	-	-	67,309
Total liabilities and fund balances	<u>\$ 69,873</u>	<u>\$ 20,985</u>	<u>\$ 1,904</u>	<u>\$ 92,762</u>

(See notes to financial statements)

Zahn, Kenney & Bresette
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

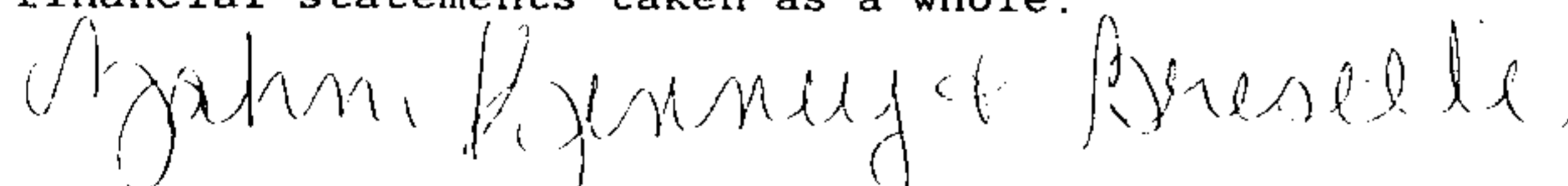
Louisiana State Board of Examiners of Interior Designers
Department of Economic Development
State of Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Examiners of Interior Designers (Board), a component unit of the Department of Economic Development, State of Louisiana, as of and for the year ended June 30, 1996, as listed in the table of contents. These financial statements are the responsibility of the management of the Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information presented on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.


Metairie, Louisiana
September 11, 1996

LOUISIANA STATE BOARD OF EXAMINERS
OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT

STATE OF LOUISIANA

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JUN 30 1996
STATE OF LOUISIANA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

LOUISIANA STATE BOARD OF
EXAMINERS OF INTERIOR DESIGNERS

DEPARTMENT OF ECONOMIC DEVELOPMENT

STATE OF LOUISIANA

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 09 1996

K. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (CONTINUED)

active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and by the Board. The Board recognizes the cost of providing the benefits (Board's portion of premiums) as an expenditure when paid during the year. The Board has no retired employees, and at present does not provide life insurance benefits.

L. LEASES

The Board rents its office space under an operating lease and shares the rent expense equally with the Louisiana Auctioneers Licensing Board. The lease expense is included in operating services and the total rent expense for the fiscal year ended June 30, 1996 was \$4,821. The final payment on the lease will be November 1, 1999. Annual lease expense under the lease term is as follows:

Fiscal Year Ending	
June 30, 1997	\$ 5,415
June 30, 1998	5,581
June 30, 1999	5,700
June 30, 2000	<u>2,375</u>
Total	<u>\$19,071</u>

The Board may terminate the lease after 60 days notice in the event the State of Louisiana provides adequate space in a state-owned building.

M. GENERAL LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are accounted for in the general long-term obligation account group, not in the governmental funds.

The following is a summary of the long-term obligation transactions during the year:

Long-term obligations payable at July 1, 1995	\$ 1,904
Additions	-
Deductions	<u>-</u>
Long-term obligations payable at June 30, 1996	<u>\$ 1,904</u>

C. 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 the modified accrual basis of accounting. Under the modified accrual basis of accounting all revenue is recognized when measurable and available rather than when earned, and all expenditures are recognized when the obligation is incurred.

D. BUDGET PRACTICES

Budgets are prepared and adopted by the Board annually. The current fiscal year 1995-1996 budget was adopted at the June 27, 1995 Board meeting.

In accordance with Louisiana Revised Statutes 39:1331 the Board submits a copy of its proposed budget and any subsequent amendments for the ensuing fiscal year to the Joint Legislative Committee on the Budget, to each chairman of a standing committee of the legislature having jurisdiction as listed in R.S. 49:968, to the Legislative Auditor, and the Legislative Fiscal Office.

The proposed budget is due no later than the first day of January. The Board monitors the budget and makes changes, when deemed appropriate.

The Board made no changes or amendments to the budget. Budgets are prepared on the modified accrual basis of accounting, including the changes in fund balance.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenues. Therefore, the budget is known as a non-appropriated budget.

The Board does not follow the encumbrances method of accounting.