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

June 4, 1997

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, 1996 and December 31, 1995, and have issued my report thereon dated June 4, 1997.

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.

The results of my tests disclosed no instances of noncompliance that are required to be reported herein under Governmental Auditing Standards. 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 4, 1997.

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

*Wilbert E. Guilford, Jr.*

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## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Column 2

## FOREIGN CONTRACTOR PURCHASE SPECIAL REVENUE FUND

## STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGE

IN FUND BALANCE - BUDGET AND ACTUAL

Years Ended December 31, 1978 and 1979

	December 31, 1978			December 31, 1979		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
<b>Revenues:</b>						
Licenses and permits	\$ 335,400	\$ 368,800	\$ 33,400	\$ 328,800	\$ 329,200	\$ 400
Total revenues	\$ 335,400	\$ 368,800	\$ 33,400	\$ 328,800	\$ 329,200	\$ 400
<b>Expenditures:</b>						
Public Safety:						
Police services	\$ 60,301	\$ 60,867	\$ 566	\$ 61,508	\$ 64,209	\$ 2,701
Transportation	1,000	1,000	-	1,000	1,000	-
Other services and charges	17,000	14,667	2,333	17,800	14,668	3,132
Supplies	860	860	-	860	860	-
Capital outlay	2,400	0	2,400	2,400	0	2,400
Total expenditures	\$ 83,561	\$ 87,394	\$ 3,833	\$ 83,568	\$ 80,837	\$ 2,731
Excess of revenues over expenditures	251,839	281,406	29,567	245,232	248,363	3,131
<b>Other items:</b>						
Operating transfer out to state treasurer	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Excess of revenues over expenditures and other items	\$ 251,839	\$ 281,406	\$ 29,567	\$ 245,232	\$ 248,363	\$ 3,131
Fund balance, beginning	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Notes to Financial Statements

## NOTES TO FINANCIAL STATEMENTS

### Note 8. RELATED PARTY TRANSACTIONS (LEASE)

The Board entered into an agreement to lease office space to another component unit of the state of Louisiana for a period of five years beginning on July 1, 1990, with an option for renewal of an additional five years subject to the same terms and conditions as the current agreement. For the years ended December 31, 1996 and December 31, 1995, the aggregate lease payments collected totaled \$14,955 and \$16,202, respectively. With the addition of the residential section and the required space, the Board did not renew its leasing arrangement with the other state agency.

### Note 9. CONTINGENCIES

There are presently four pending litigations against the State Licensing Board for Contractors. The first case seeks to recover civil penalties assessed by the Board which amounted to \$2,500. The Board's attorney thinks the Board will prevail in this matter.

The second case involves an alleged denial of the right to obtain copies of public documents and laws resulting therefrom. The suit was filed in January 1994 and is dormant at this time. Should the case be pursued, management intends to contest it vigorously and feels their chances of prevailing at trial are good. The attorney categorizes this as a tort case and the Louisiana Office of Risk Management will handle a defense as they would be responsible for any damages awarded.

The third case involves a claim against the Board for wrongful termination. The matter is now pending before the civil service commission. The Board's attorneys think there is no material financial exposure to the board in this matter.

A fourth suit, a tort litigation suit has been filed by a former employee and is being handled by the Office of Risk Management. According to the Board's attorney, risk would be the responsibility of the State of Louisiana and not the Board.

### NOTE 10. PRIOR PERIOD ADJUSTMENTS

Adjustments were made to correct over and under-estimates of accrued expenses at December 31, 1996 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.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit C

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE -  
BUDGET AND ACTUAL - ALL OPERATIONAL FUND TYPES  
Year ended December 31, 2009

	General Fund		Variances- Favorable (Unfavorable)	Special Revenue Fund		Variances- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
<b>Revenues:</b>						
Licenses and permits	\$ 1,074,000	\$ 1,084,883	\$ 10,883	\$ 118,000	\$ 105,000	\$ 41,000
Investment						
Interest earned	195,000	212,000	17,000			
Fees and other	50,000	17,287	(32,713)			
<b>Total revenues</b>	\$ 1,219,000	\$ 1,314,170	\$ 95,170	\$ 118,000	\$ 105,000	\$ 41,000
<b>Expenses:</b>						
Public safety						
Personal services	\$ 1,000,000	\$ 1,213,887	\$ 213,887	\$ 80,000	\$ 80,000	\$ 23,887
Transportation	182,500	208,000	25,500	1,000	1,000	1,000
Other services and charges	60,000	800,000	740,000	17,000	14,000	(3,000)
Supplies	20,000	25,410	5,410	500	850	350
Capital outlay	145,000	113,400	(31,600)	3,000	0	(3,000)
<b>Total expenditures</b>	\$ 1,307,500	\$ 2,059,697	\$ 752,197	\$ 103,000	\$ 105,850	\$ 2,197
Excess of revenues over (under) expenditures	(88,500)	(745,527)	(657,027)	15,000	(2,850)	(1,650)
<b>Other items:</b>						
Operating transfer out (to overnight unit)	0	(50,250)	(50,250)	(100)	(80,000)	(79,900)
Excess of revenues over (under) expenditures and other items	\$ (88,500)	\$ (795,777)	(707,277)	\$ 14,900	\$ (82,850)	\$ (67,950)
Fund balance, beginning	2,490,000	2,440,000	(50,000)	0	0	0
Year period adjustment		2,500	2,500			
<b>Fund balance, ending</b>	\$ 1,811,500	\$ 2,051,000	\$ 239,500	\$ 0	\$ 0	\$ 0

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

FUND ACCOUNTING:

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

Governmental fund types:

General Fund

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

Special Revenue Funds

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

## NOTES TO FINANCIAL STATEMENTS

### BASIS OF ACCOUNTING:

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

#### Revenues:

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

#### Expenditures:

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

### SUBJECTS AND BUDGETARY ACCOUNTING:

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### ENCUMBRANCES:

Encumbrance accounting, under which purchase orders for the expenditures of money are recorded in order to assure that portions of the applicable appropriation, is not employed by the Board.

### COMPARATIVE DATA:

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

### TOTAL COLUMNS ON COMBINED STATEMENTS:

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

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

### CASH AND INVESTMENTS:

Cash includes amounts in demand deposits.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### FIXED ASSETS AND LONG-TERM OBLIGATIONS:

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

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

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

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



NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS

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

	December 31, 1996		
	Carrying Amount	Book Balance	Market Value
<b>Deposits:</b>			
Insured (FDIC, NCUA OR FDIC) Uninsured: Collateral held by the pledging bank's trust department or the pledging bank's agent in the bank's name...	\$1,907,162	\$1,907,162	\$ -
	1,000,000	2,274,460	-
<b>Other investments:</b>			
Federal National Mortgage Association Debentures held by dealer, subject to SIPC insurance....	1,273,855	-	1,250,319
<b>Total deposits and investments</b>	<b>\$4,181,017</b>	<b>\$4,181,642</b>	<b>\$1,250,319</b>

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

Cash	\$ 219,162
Investments	3,961,855
	<u>\$4,181,017</u>

Note 3. CHANGES IN GENERAL FIXED ASSETS

	Balance December 31, 1995	ADDITIONS	DELETIONS	Balance December 31, 1996
Land	\$ 129,248	-	-	\$ 129,248
Building & improvements	1,356,893	-	-	1,356,893
Equipment:				
Computer	115,874	\$1,408	19,374	148,908
Office	142,178	27,408	11,874	188,712
Vehicles	35,332	12,328	10,912	36,748
<b>Total</b>	<b>\$1,739,343</b>	<b>\$1,120</b>	<b>\$40,960</b>	<b>\$1,820,603</b>

NOTES TO FINANCIAL STATEMENTS

Note 4. COMPENSATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulate unlimited amounts of annual and sick leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits. The current portion is recorded as a liability in the General Fund and represents the amount unpaid at December 31, 1996 which would normally be liquidated with expendable available financial resources.

Accumulated annual leave at December 31, 1995	\$100,000
Leave earned	49,108
Leave paid	(57,584)
	<hr/>
Accumulated annual leave at December 31, 1996	100,000
Less current portion	(24,118)
	<hr/>
	\$ 75,882

Note 5. CHANGES IN DESIGNATION OF GENERAL FUND BALANCE

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

DESIGNATIONS:	Balance 12/31/95	Board Approved Increases	Decreases	Balance 12/31/96
Building replacement	\$300,000	72,640	-	\$ 372,640
Unemployment	492,628	-	-	492,628
Board's portion of insurance premiums for retirees	684,840	-	-	684,840
Future examination and testing	280,000	-	-	280,000
Subsequent years expenditures	843,482	-	-	843,482
	<hr/>	<hr/>	<hr/>	<hr/>
	\$2,400,950	\$ 72,640	\$ -	\$2,573,590

## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

PER DIEM PAID TO BOARD MEMBERS  
Year Ended December 31, 1998

	Number of Meetings Attended	Amount
Craig Bove	6	\$450
E. P. Brouss	6	450
J. Bullard	6	375
Jimmie Casco	35	2,625
David Champagne	10	750
Jerry Cole, Jr.	9	675
Patrick Colin	7	525
Hell Crain	8	600
Howard Duncan	4	300
Courtney Farnet	8	600
Brent Ferguson	35	1,560
David Gallo	7	525
John Gentry	7	525
Tara Gilliland	24	1,800
Patrick Gooles	24	1,800
Ronnie Graham	20	1,500
Ralph Grimaldi	8	600
Bobby Hendrix	10	750
Brent Honore	28	2,175
Leddie James	9	278
Kim Johnson	9	675
Donald Lambert	110	8,250
Ronald Latolais	0	0
Ronald Penn	8	600
Byron Talbot	28	2,475
A. Hays Town, Jr.	83	6,225
Ron Williams	2	150
<b>TOTALS</b>	<b>801</b>	<b>\$58,175</b>

## NOTES TO FINANCIAL STATEMENTS

The statutorily required contribution by the Board for the year ended December 31, 1996, was \$190,201, which consisted of \$117,882 as the employer contribution and \$72,319 from covered employees. The actual contribution made to the System by the Board was \$190,482, which consisted of \$117,163 as the employer contribution and \$73,319 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 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 FERS and employees. The System does not make separate measurements of assets and pension benefit obligations for individual employees. As of June 30, 1996 the pension benefit obligation was \$6,254,405,948 and the value of the system's assets is \$4,114,461,098 leaving an unfunded pension benefit obligation of \$2,139,944,850.

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 1996 compressed unit financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the 1974 Louisiana Constitution.

### Note 7. POSTRETIREMENT OBLIGATIONS

In accordance with statute, 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 these 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 24 retired participants eligible to receive benefits as of December 31, 1996. The Board is obligated to contribute 50% of the monthly premiums and the retirees contribute the remaining 50%. For the year ended December 31, 1996, the Board's costs totaled \$28,678.

In planning and performing my audit of the financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1996 and December 31, 1995, 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.

However, I noted certain matters involving the internal control structure and its operation that I have reported to the management of the Louisiana State Licensing Board for Contractors in a separate letter dated June 4, 1997.

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.

*William S. Kulp, Jr.*

WILBERT K. GILLFORD, JR.  
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INDEPENDENT AUDITOR'S REPORT

June 4, 1997

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, 1996, and December 31, 1995 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 accounts 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, 1996 and December 31, 1995 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, 1996 and December 31, 1995 and the results of the operations of such funds for the years then ended, in conformity with generally accepted accounting principles.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

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DECEMBER 31, 1999

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FINANCIAL  
STATE OF LOUISIANA  
STATE OF 1966

**STATE LICENSING BOARD  
FOR CONTRACTORS**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA**  
**FINANCIAL REPORT**  
**DECEMBER 31, 1966**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or reviewed, orally and/or approved by 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.

JAN 25 1967

Release Date \_\_\_\_\_



SUPPLEMENTARY INFORMATION

NOTES TO FINANCIAL STATEMENTS

Note 6. FREEDOM 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, 1996, the Board's total payroll was \$1,346,883 and its payroll covered by the System was \$968,876.

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 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Covered employees were required to contribute 7.54 of gross salary to the plan. The Board added a 12% contribution for the period January 1, 1996 through June 30, 1996 and 12.48 for the period July 1 through December 31, 1996.

Contribution requirements to the System are set by Statute and differ from the contribution requirement determined using actuarial methods. The amount of contributions made during the year ending June 30, 1996 from employees and employer was \$126,073,856 and \$197,456,874, respectively, or approximately 7.47% and 14.60% of covered payroll of \$1,643,266,943 for a total contribution of \$323,530,730 which is approximately 19.67% 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, 1996, using the Projected Unit credit cost method was approximately \$200,782,677.

WILBERT E. GULFORD, JR.

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

June 4, 1987

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, 1986 and December 31, 1985, and have issued my report thereon dated June 4, 1987.

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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Also, projection of my 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.

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.

*Willard C. Buford, Jr.*

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

BALANCE SHEETS  
 December 31, 1995 and 1996

	1996	1995
<b>ASSETS</b>		
Due from General Fund	\$188,217	\$188,868
<b>Total Assets</b>	<b>\$188,217</b>	<b>\$188,868</b>
<b>LIABILITIES</b>		
Accounts Payable	726	1,831
Due to state treasury	88,888	58,319
Deferred revenues	88,803	88,800
<b>Total Liabilities</b>	<b>\$188,217</b>	<b>\$148,950</b>

See Notes to Financial Statements.

## SPECIAL REVENUE FUND

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

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

LOUISIANA STATE LICENSURE BOARD FOR CONTRACTORS  
 GENERAL FUND  
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended December 31, 1988 and 1989

Exhibit D-1

December 31, 1989

	Budget	Actual	Variance Favorable (Disfavorable)	Budget	Actual	Variance Favorable (Disfavorable)
<b>Revenues:</b>						
License and permits	\$ 1,814,800	\$ 1,844,800	\$ 130,000	\$ 1,833,300	\$ 1,664,541	\$ (168,759)
Miscellaneous	68,000	272,800	17,000	142,348	181,171	49,823
Interest earned	28,000	3,287	(8,000)	82,800	41,355	(41,445)
Gifts and other						
<b>Total revenues</b>	\$ 2,050,800	\$ 2,160,887	\$ 148,000	\$ 2,118,448	\$ 1,887,067	\$ (231,381)
<b>Expenditures:</b>						
Public utility	\$ 1,082,500	\$ 1,211,687	\$ 200,200	\$ 1,058,000	\$ 1,194,887	\$ 146,887
Postal services	62,000	128,848	31,500	150,000	117,208	(32,792)
Transportation	843,000	808,200	(35,000)	884,188	888,000	43,812
Office services and charges	30,000	38,437	7,000	28,000	23,098	(4,902)
Supplies	30,000	112,400	50,000	68,800	28,367	(40,433)
Capital outlay	32,800					
<b>Total expenditures</b>	\$ 2,060,300	\$ 2,099,972	\$ 379,600	\$ 2,011,688	\$ 2,178,462	\$ 166,774
Reassessments over budget expenditures	(60,000)	66,548	116,548	(66,666)	148,178	214,844
<b>OTHER (P) (S)</b>						
Operating transfer out on receipt of			(20,000)			
<b>Fund balance, beginning</b>	\$ 2,488,000	\$ 2,680,000	\$	\$ 2,303,883	\$ 2,351,881	\$ 47,998
<b>Fund balance, ending</b>		\$ 3,541			(2,881)	
<b>Fund balance, ending</b>	\$ 1,873,879	\$ 2,683,541	\$ 809,662	\$ 1,999,816	\$ 2,448,999	\$ 449,183

See Notes to Financial Statements

## GENERAL FUND

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



## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

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

Year Ended December 31, 1996

(With Comparative Totals for the Year Ended December 31, 1995)

	General	Special Revenue	Totals (Memorandum Only)	
			1996	1995
<b>Revenues:</b>				
Licenses and permits	\$ 1,554,883	\$ 160,000	\$ 2,120,483	\$ 1,779,741
Miscellaneous-				
Interest earned	212,809		212,809	191,731
Rent and other	17,291	0	17,291	41,299
<b>Total revenues</b>	<b>\$ 2,164,983</b>	<b>\$ 160,000</b>	<b>\$ 2,350,983</b>	<b>\$ 2,012,771</b>
<b>Expenditures:</b>				
Public Safety-				
Personnel services	\$ 1,313,487	\$ 60,907	\$ 1,374,434	\$ 1,216,273
Transportation	126,048		126,048	113,206
Other services and charges	505,201	14,997	520,198	498,458
Supplies	35,437	660	36,097	23,318
Capital outlay	170,483	0	170,483	36,967
<b>Total expenditures</b>	<b>\$ 2,095,434</b>	<b>\$ 76,914</b>	<b>\$ 2,172,348</b>	<b>\$ 1,907,322</b>
Excess of revenues over (under) expenditures	<b>69,549</b>	<b>83,086</b>	<b>178,239</b>	<b>105,449</b>
<b>Other Uses:</b>				
Operating transfer out (to oversight unit)	\$ (26,250)	\$ (80,000)	\$ (106,000)	\$ (56,370)
Excess of revenues (under) expenditures and other uses	<b>\$ 43,299</b>	<b>\$ 3,086</b>	<b>\$ 50,299</b>	<b>\$ 149,130</b>
Fund balance, beginning	2,440,950		2,440,950	2,301,881
Prior period adjustments	3,241		3,241	(3,667)
Fund balance, ending	<b>\$ 2,513,598</b>	<b>\$ 3,086</b>	<b>\$ 2,513,890</b>	<b>\$ 2,440,950</b>

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit A  
(CONTINUED)

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1995

(With Comparative Totals for December 31, 1993)

	Governmental Fund Types		Annual Funds		Totals (Memorandum Only)
	General	Special Districts	General Funds	General Long-Term Debt	
<b>EQUITY AND OTHER CREDITS</b>	\$	\$	\$	\$	\$
Investment in general fund assets			1,000,000		1,000,000
Fund balances:					
Unexpended	275,940				275,940
Designated for building replacement	412,828				412,828
Designated for unemployment	880,000				880,000
Designated for insurance premium fund reserves	300,000				300,000
Designated for the future acquisition and leasing	600,000				600,000
Designated for subsequent years expenditures					
Total Designated	2,068,768				2,068,768
Undesignated					
Total equity and other credits	\$ 2,515,096	\$	\$ 1,000,000	\$	\$ 4,344,199
Total liabilities, equity and other credits	\$ 4,315,721	\$ 186,312	\$ 1,000,000	\$ 23,066	\$ 6,370,100

See Note 8 (Financial Statements)

## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit A

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1988

(With Comparative Totals for December 31, 1988)

	Governmental Fund Types			Account Groups		Totals	
	General	Special Revenue		General	Long-Term Debt	1988	1989
<b>ASSETS AND OTHER DEBITS</b>							
<b>ASSETS</b>							
Cash	\$ 218,952	\$	\$	\$	\$	\$ 218,952	\$ 374,684
Investments	3,991,855					3,281,855	3,273,899
Accounts Receivable	1,859					1,859	2,823
Accrued interest						30,885	30,818
Due from General Fund	24,818	198,217	1,000,000			199,217	146,858
Property and equipment, at cost						1,820,059	1,779,243
<b>OTHER DEBITS</b>							
Amounts due provided by compensated insurance						73,689	73,689
<b>Total assets and other debits</b>	<b>\$ 4,235,531</b>	<b>\$ 198,217</b>	<b>\$ 1,820,000</b>	<b>\$ 73,689</b>	<b>\$</b>	<b>\$ 6,278,437</b>	<b>\$ 6,623,107</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 107,565	\$ 731	\$	\$	\$	\$ 108,296	\$ 92,484
Due to Special Revenue Fund	158,217					158,217	158,862
Due to Trust Fund						89,868	89,318
Due to State Treasurer	28,258	68,686				1,481,245	1,245,708
Deferred revenues	1,344,898	68,686				1,871,186	1,891,861
Compensated insurance	24,318					73,689	
<b>Total liabilities</b>	<b>\$ 1,763,431</b>	<b>\$ 198,217</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 1,932,437</b>	<b>\$ 2,118,474</b>

See Notes to Financial Statements

COMPONENT UNIT FINANCIAL STATEMENTS

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS  
GENERAL FUND**

**BALANCE SHEETS**

December 31, 1998 and 1995

	1998	1995
<b>ASSETS</b>		
Cash	\$ 219,162	\$ 274,654
Investments	3,961,858	3,613,893
Receivables:		
Accounts receivable	1,885	5,676
Accrued interest	33,819	33,610
<b>Total assets</b>	<b>\$ 4,216,724</b>	<b>\$ 3,924,968</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 107,555	\$ 103,573
Due to Special Revenue Fund	156,217	146,020
Due to State Treasurer	20,250	
Deferred revenues	1,384,990	1,167,900
Compensated absences	34,119	36,692
<b>Total liabilities</b>	<b>\$ 1,703,131</b>	<b>\$ 1,454,215</b>
<b>FUND BALANCES</b>		
Unreserved:		
Designated for building replacement	\$ 372,540	\$ 300,000
Designated for unemployment	412,628	412,628
Designated for insurance premiums for retirees	694,940	694,940
Designated for future examination and testing fund	200,000	200,000
Designated for subsequent years expenditures	843,492	843,492
	<b>\$ 2,513,599</b>	<b>\$ 2,440,959</b>
Undesignated	0	0
<b>Total fund balances</b>	<b>\$ 2,513,599</b>	<b>\$ 2,440,959</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,216,724</b>	<b>\$ 3,924,968</b>

See Notes to Financial Statements.