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**STATE LICENSING BOARD
FOR CONTRACTORS**

**DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

FINANCIAL REPORT

DECEMBER 31, 1958

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 other appropriate public officials. The report is available for public inspection at the Public Usage office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1959

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

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INDEPENDENT AUDITOR'S REPORT

June 15, 1999

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, 1998, and December 31, 1997 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. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Licensing Board for Contractors at December 31, 1998 and December 31, 1997 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, 1998 and December 31, 1997 and the results of the operations of such funds for the years then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole and on the individual fund financial statements. The accompanying Schedule of Expenditures and Year 2000 Information listed as supplementary information in the table of contents on pages 25 and 26 are presented for purposes of additional analysis and is not a required part of the financial statements of the Louisiana State Licensing Board for Contractors.

I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express an opinion on it.

Walter C. Gierke, Jr.

COMPONENT UNIT FINANCIAL STATEMENTS

**LOUISIANA JOINT UNIONS PENSION PLAN CONTRIBUTIONS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT CATEGORIES**
(As of December 31, 1998)
(With Comparative Totals for December 31, 1997)

Dollars

	Governmental Fund Totals		Account Groups		Totals	
	Balance	Beneficial Changes	General Fund Assets	General Long-Term Debt	1998	1997
ASSETS AND OTHER DEBITS						
Cash and Cash Equivalents	\$ 1,096,134	\$ -	\$ -	\$ -	\$ 1,096,134	\$ 2,079,047
Investments	1,803,827	-	-	-	1,803,827	2,008,768
Accounts Receivable	1,791	-	-	-	1,791	1,791
Accrued Interest	88,892	-	-	-	88,892	87,878
Net Investment in General Fund	-	186,179	1,096,187	-	1,096,187	988,483
Property and equipment, at cost	-	-	-	-	-	2,487,058
OTHER ASSETS						
Amounts to be provided by compensated donors	-	-	-	81,886	81,886	79,820
TOTAL ASSETS AND OTHER DEBITS	\$ 3,276,644	\$ 186,179	\$ 1,096,187	\$ 81,886	\$ 3,554,896	\$ 6,673,003
LIABILITIES, EQUITY AND OTHER CREDITS						
Accounts payable	\$ 294,889	\$ 1,853	\$ -	\$ -	\$ 296,742	\$ 77,660
Due to Special Business Fund	541,290	-	-	-	541,290	484,843
Due to Trust Fund	16,871,051	48,112	-	-	17,359,163	24,769
Due to State Treasury	-	-	-	-	-	89,000
Retained revenues	1,874,830	75,488	-	-	1,950,318	2,178,790
Compensated interests	86,995	-	-	81,886	168,881	188,895
Total liabilities	\$ 2,294,055	\$ 135,453	\$ -	\$ 81,886	\$ 2,495,494	\$ 2,380,053

See Note 5 to financial statements

ILLINOIS STATE LOANING BOARD FOR CONTRACTORS

EXHIBIT A
CONTINUED

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1968

With Comparative Totals for December 31, 1967

	Recurrent Fund Types			Account Groups		Totals (Nonrecurrent Expt)
	General	Special Revenue	General Fund Assets	General Fund Liabilities	General Fund Net Worth	
EQUITY AND OTHER CREDITS						
Included in general fund assets	\$	\$	\$	\$	\$	\$
Fund balances:						
Unreserved						
Designated for building replacement	819,285					819,285
Designated for economic development	542,234					542,234
Designated for economic premiums of voters	715,819					715,819
Designated for fire fighting - distribution and building	228,000					228,000
Designated for subsequent years' expenditures	215,856					215,856
Total Designated	1,521,294					1,521,294
Reserved						
Total equity and other credits	\$	\$	\$	\$	\$	\$
Total liabilities, equity and other credits	\$	\$	\$	\$	\$	\$

See notes to financial statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended December 31, 1998
 (With Comparative Totals for the Year Ended December 31, 1997)

	General	Special Revenue	Totals (Memorandum Only)	
			1998	1997
Revenues:				
Licenses and permits	\$ 2,377,560	\$ 188,000	\$ 2,565,560	\$ 2,290,857
Miscellaneous-				
Interest earned	230,934		230,934	221,436
Rent and other	1,208,298	0	1,208,298	5,878
Total revenues	\$ 3,814,792	\$ 188,000	\$ 4,002,792	\$ 2,448,171
Expenditures:				
Public Safety-				
Personnel services	\$ 1,570,176	\$ 76,064	\$ 1,646,229	\$ 1,428,625
Transportation	190,778		190,778	147,244
Other services and charges	604,666	26,580	631,246	555,564
Supplies	40,570	1,789	42,359	40,424
Capital outlay	288,971	0	288,971	660,385
Total expenditures	\$ 2,685,059	\$ 104,433	\$ 2,789,492	\$ 2,822,642
Excess of revenues over (under) expenditures	1,129,733	83,567	1,213,300	(374,471)
Other Uses:				
Operating transfer out (to overnight unit)	\$ (287,991)	\$ (88,184)	\$ (376,175)	\$ (390,787)
Excess of revenues (under) expenditures and other uses	\$ 841,742	\$ 0	\$ 841,742	\$ (462,338)
Fund balance, beginning	2,631,352		2,631,352	2,521,590
Prior period adjustments	7,821		7,821	0
Fund balance, ending	\$ 3,031,524	\$ 0	\$ 3,031,524	\$ 2,031,352

See Notes to Financial Statements

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit C

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

	General Fund		Variance- Favorable (Unfavorable)	Special Revenues Fund		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
Revenues:						
Licenses and permits	\$ 2,141,200	\$ 2,277,899	\$ 236,699	\$ 159,278	\$ 159,890	\$ 61,612
Miscellaneous:						
Interest earned	18,800	250,694	50,694			
Fund and other	2,278,848	1,258,288	(1,020,560)			
Total revenues	\$ 4,438,848	\$ 3,786,881	\$ (651,967)	\$ 159,278	\$ 159,890	\$ 61,612
Expenditures:						
Public Safety:						
Personnel services	\$ 2,008,667	\$ 1,820,179	\$ 188,488	\$ 68,226	\$ 70,814	\$ 2,588
Transportation	238,086	180,719	57,367	3,808	3,808	0.000
Other services and charges	854,685	624,255	230,430	30,888	29,893	9,995
Supplies	52,150	46,878	5,272	2,209	1,799	410
Capital outlay	1,271,760	298,811	972,949	6,800	0	6,800
Total expenditures	\$ 4,425,348	\$ 3,038,842	\$ 1,386,506	\$ 108,268	\$ 104,294	\$ 4,974
Excess of revenues over (under) expenditures	(1,213,507)	1,176,192	2,389,699	840	84,596	755,403
Other uses:						
Operating transfer out (to investment unit)	0	(183,281)	(183,281)	(840)	(84,596)	(184,136)
Excess of revenues over (under) expenditures and other uses	\$ (1,213,507)	\$ 992,911	\$ 2,206,418	\$ 0	\$ 0	\$ 571,267
Fund balance, beginning	2,028,129	2,028,129	0	0	0	0
Fund balance, ending	\$ 814,622	\$ 3,021,040	\$ 2,206,418	\$ 0	\$ 0	\$ 571,267

See Note 2 - 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 37:2181. The Board is composed of 18 members appointed by the governor and operates within the Department of Economic Development. It is charged statutorily with the protection of the health, safety and general welfare of all people dealing with persons engaged in the contracting vocation. The Board's operations are financed with self-generated license, examination and other related fees. The Board is a component unit of the state of Louisiana and is an integral part of such reporting entity. The following is a summary of the more significant accounting policies:

FUND ACCOUNTING:

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

Governmental Fund Types:

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

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

NOTES TO FINANCIAL STATEMENTS

BASIS OF ACCOUNTING:

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

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

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

BUDGETS AND BUDGETARY ACCOUNTING:

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

ENCUMBRANCES:

The Board does not employ encumbrance accounting, under which purchase orders for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

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

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

CASH AND INVESTMENTS:

Cash includes amounts in demand deposits.

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

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

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

NOTES TO FINANCIAL STATEMENTS

FIXED ASSETS AND LONG-TERM OBLIGATIONS:

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 3. DEPOSITS AND INVESTMENTS

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

	Carrying Amount	Bank Balance	Market Value
Deposits:			
Insured (FDIC, NCUA OR FDIC)	\$ 948,000	\$ 948,000	\$ -
Uninsured (a)	2,970,118	4,283,447	-
Other investments (b)	<u>1,233,427</u>	<u>-</u>	<u>1,243,713</u>
Total deposits and investments	<u>\$3,151,545</u>	<u>\$5,231,447</u>	<u>\$1,243,713</u>

(a). Collateral is held by the pledging bank's trust department or the pledging bank's agent in the Board's name.

(b). Other investments include Federal National Mortgage Association debentures held by dealer, subject to SPPO insurance.

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

Cash (in Bank)	\$1,348,313
Cash Equivalents	2,883,000
Cash & Cash Equivalents	<u>\$4,231,313</u>
Investments	<u>1,017,427</u>
Total Deposits & Investments	<u>\$5,248,740</u>

Note 4. CHANGES IN GENERAL FIXED ASSETS

	Balance December <u>\$1,1997</u>	ADDITIONS	DELETIONS	Balance December <u>\$1,1998</u>
Land (Old Land)	\$ 128,248	\$ -	\$ 128,248	-
Land (New Land)	489,877	20,316	-	510,193
old Building	1,448,243	-	1,448,043	-
New Building Expenditures	44,148	188,483	-	232,631
Equipment:				
computer	184,831	18,848	30,225	173,454
office	153,893	20,814	17,078	167,629
Vehicles	<u>28,150</u>	-	-	<u>28,150</u>
Total	<u>\$2,407,588</u>	<u>\$228,873</u>	<u>\$2,565,092</u>	<u>\$2,170,467</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. COMPENSATED ABSENCE

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 200 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 200 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, 1998, which would normally be liquidated with expendable available financial resources.

Accumulated annual leave at December, 31, 1997	\$118,500
Leave earned	71,105
Leave paid	<u>(49,204)</u>
Accumulated annual leave at December 31, 1998	139,500
Less current portion	<u>(48,640)</u>
Long Term Portion	\$ <u>90,860</u>

Note 5. CHANGES IN DESIGNATION OF GENERAL FUND BALANCE

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

DESIGNATIONS:	Balance 12/31/97	Board Approved		Balance 12/31/98
		Increases	Decreases	
Building replacement & employment	412,428	8819,155	\$ -	\$ 919,155
Board's portion of insurance premiums for retirees	668,840	70,139	-	739,000
Future examination and testing subsequent years expenditures	200,000	-	-	200,000
	<u>741,708</u>		<u>8,602</u>	<u>735,866</u>
	<u>\$2,328,172</u>	<u>\$1,918,860</u>	<u>\$ 8,602</u>	<u>\$3,255,534</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. PENSION PLAN

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The system is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate Board of trustees. For the year ended December 31, 1998, the Board's total payroll was \$1,283,489 and its payroll covered by the system was \$1,171,367.

All full-time Board employees, who began state employment prior to age 40, are eligible to participate in the System. Benefits vest with 30 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$200 for employees hired before July 31, 1986. Vested employees may retire at 65 any age with 30 years of service, 60 age 55 with 25 years of service, or 60 age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Covered employees were required to contribute 7.5% of gross salary to the plan. The Board added a 13% contribution for the period January 1, 1990 through December 31, 1998.

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, 1998 from employees and employers was \$129,724,488 and \$218,681,804 respectively, or approximately 7.68% and 13% of covered payroll of \$1,689,610,388 for a total contribution of \$348,406,292 which is approximately 20.68% 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, 1998, using the Projected Unit Credit cost method was approximately \$221,933,248.

NOTES TO FINANCIAL STATEMENTS

The statutorily required contribution by the Board for the year ended December 31, 1998, was \$244,241 which consisted of \$188,289 as the employer contribution and \$57,952 from covered employees. The actual contribution made to the System by the Board was \$244,241, which consisted of \$188,289 as the employer contribution and \$57,952 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 PERA and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers. As of June 30, 1998 the pension benefit obligation was \$4,953,884,000 and the value of the System's assets is \$4,887,795,000 leaving an unfunded pension benefit obligation of \$66,089,000.

Two-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1998 component unit financial report. The State of Louisiana under the 1874 Louisiana Constitution guarantees benefits granted by the System.

Note T. POSTRETIREMENT COMMITMENTS

In accordance with statutes, the Board provides for certain health care and life insurance benefits for retired employees through the State Employees Group Benefits Program. Substantially all of the Board's employees may become eligible for 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 28 retired participants eligible to receive benefits as of December 31, 1998. The Board is obligated to contribute 50% of the monthly premiums and the retirees contribute the remaining 50%. For the year ended December 31, 1998, the Board's costs totaled \$59,774.

NOTES TO FINANCIAL STATEMENTS

Note 8. CONTINGENCIES

There are presently seven pending litigations against the State Licensing Board for Contractors. The first case seeks to enjoin the board from issuing cease and desist orders on ongoing construction contracts. There is no claim for monetary damages by the plaintiffs. The plaintiffs only ask to continue construction projects in this state.

The second case seeks a judicial review of the fine assessed by the Board. There is no claim for monetary damages by the plaintiffs.

The third case seeks monetary damages and declaratory relief arising from requests for numerous public records. The district court ruled in favor of the board and the matter is under appeal. Damages sought by the plaintiff total approximately \$38,000. Even if successful, the Board's attorney thinks it unlikely the appellate court would award damages. Instead the appellate court would more likely remand the case to the state district court to resolve the damages issue.

The fourth case the plaintiff claim a right to damages (\$20,000) based on an allegation that the Board directs licenses applicants to the plaintiff's competitors. The Board's attorney thinks the Board's potential exposure in this matter is minimal.

In the fifth case the plaintiff seeks a judicial review of a penalty and fine assessed by the Board. No claim for damages has been made.

The sixth case involves an appeal by an employee to the Civil Service Commission to reverse a disciplinary action taken by the Board. No damages are sought.

In the seventh case, the plaintiff seeks a judicial review of a fine assessed by the Board. The plaintiff is seeking a refund of \$14,151. The Board's attorney thinks it is unlikely the plaintiff will prevail.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. NEW BUILDING CONSTRUCTION AND LEASE AGREEMENT

The Board sold its old building on August 17, 1986 for \$1,200,000. On this date a 12-month lease was signed with the building's new owner. The Board pays \$13,714.29 per month for continued occupancy. The lease has an option to renew for an additional six months.

In 1987 the Board purchased new land at a cost of \$493,000. Management estimates construction costs of the new building to be approximately \$1,500,000. The building is projected to be ready for occupancy by October 1990. Capital expenditures on the new building in 1988 were approximately \$200,000.

Note 11. Gains & Losses on Investments

Gain on call of bond investment	\$ 187
Loss on call of bond investment	<u>14381</u>
Net loss on calls of bonds	<u>\$14194</u>

Note 12. Prior period adjustments.

This adjustment was made to correct an over-estimate of accrued expenses at December 31, 1987.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

GENERAL FUND

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

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
GENERAL FUND

BALANCE SHEETS

December 31, 1998 and 1997

	1998	1997
ASSETS		
Cash & Cash Equivalents	\$ 3,266,119	\$ 1,029,247
Investments	1,917,427	2,926,769
Receivables:		
Accounts receivable	1,785	1,291
Accrued interest	68,630	37,825
Total assets	\$ 5,258,360	\$ 3,995,132
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 189,999	\$ 75,761
Due to Special Revenue Fund	161,776	149,449
Due to Contractor's Educational Trust Fund	167,391	0
Due to State Treasurer	0	49,920
Deferred revenues	1,674,830	1,648,760
Compensated absences	69,648	38,773
Total liabilities	\$ 2,264,644	\$ 1,898,663
FUND BALANCES		
Unreserved:		
Designated for building replacement	\$ 819,158	\$ 0
Designated for unemployment	842,734	412,628
Designated for insurance premiums for retirees	755,039	694,949
Designated for future examination and testing fund	200,000	200,000
Designated for subsequent years expenditures	738,088	761,795
Total fund balances	\$ 3,295,029	\$ 2,079,372
Total liabilities and fund balances	\$ 5,258,360	\$ 3,995,132

See Notes to Financial Statements.

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

	December 31, 1988		December 31, 1989		
	Budget	Actual	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:					
Licenses and permits if applicable:					
Interest earned	\$ 180,000	\$ 220,004	\$ 190,400	\$ 275,458	\$ 85,058
Fund and other	\$ 1,200,000	\$ 1,200,200	\$ 200	\$ 2,078	\$ (1,778)
Total revenues	\$ 1,380,000	\$ 1,440,204	\$ 1,190,400	\$ 1,277,536	\$ 87,136
Expenditures:					
Public Safety:					
Personal services	\$ 5,095,447	\$ 5,079,178	\$ 133,273	\$ 1,204,201	\$ 311,001
Transportation	200,000	188,178	87,232	203,700	\$ 80,488
Other services and charges	334,000	604,208	270,745	653,540	\$ 319,340
Supplies	80,100	48,278	11,200	38,308	\$ 4,078
Capital outlay	1,277,200	268,007	1,458,100	807,000	\$ 651,100
Total expenditures	\$ 6,986,747	\$ 6,087,841	\$ 2,980,548	\$ 2,706,759	\$ 273,789
Business services and miscellaneous	\$ (1,010,017)	\$ 1,179,742	\$ 2,000,000	\$ (2,243,000)	\$ (243,000)
OTHER USES:					
Operating transfer and to contract and	\$ 0	\$ (187,281)	\$ (167,287)	\$ 0	\$ 167,287
Fund balance, beginning	\$ 2,050,173	\$ 2,050,173	\$ 0	\$ 2,013,550	\$ 2,013,550
Prior period adjustments		\$ 0		\$ 7,622	\$ 7,622
Fund balance, ending	\$ 639,258	\$ 2,081,034	\$ 2,020,188	\$ 1,188,028	\$ 2,089,073

See Note 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 Exchange 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 Contractors Educational Trust Fund. Prior to 1987 the surplus funds were transferred out to the State Treasury.

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

BALANCE SHEETS
 December 31, 1996 and 1997

	1996	1997
ASSETS		
Due from General Fund	\$161,770	\$146,646
Total Assets	\$161,770	\$146,646
LIABILITIES		
Accounts Payable	1,000	1,079
Due to Educational Trust Fund	66,157	64,766
Deferred revenues	74,200	68,000
Total Liabilities	\$161,770	\$146,646

See Notes to Financial Statements.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Exhibit E-3

FORBID CONTRACTOR PURCHASE SPECIAL REVENUE FUND

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Years Ended December 31, 1998 and 1997

	December 31, 1998		December 31, 1997		Variance- Favorable (Adverse)
	Budget	Actual	Budget	Actual	
Revenues:					
Licenses and permits	\$ 232,000	\$ 189,400	\$ 90,400	\$ 184,800	\$ 31,000
Total revenues	\$ 232,000	\$ 189,400	\$ 90,400	\$ 184,800	\$ 31,000
Expenditures:					
Public Safety-					
Professional services	\$ 80,000	\$ 75,400	\$ 12,000	\$ 71,200	\$ 7,200
Transportation	4,000	4,000	5,000	1,000	1,000
Other services and charges	24,000	25,000	10,872	29,722	8,847
Supplies	2,000	1,700	815	1,045	8
Capital outlay	6,000	0	6,000	6,000	6,000
Total expenditures	\$ 136,000	\$ 106,100	\$ 34,687	\$ 109,017	\$ 20,987
Excess of revenues over expenditures	\$ 96,000	\$ 83,300	\$ 55,713	\$ 84,787	\$ 64,787
Other items:					
Account transfer out to Contractor's Trust Fund	\$ (845)	\$ (83,944)	\$ (84,238)	\$ (84,238)	\$ (84,238)
Excess of revenues over expenditures and other items	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, beginning	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, ending	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Notes to Financial Statements

SUPPLEMENTARY INFORMATION

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
PER DIEM PAID TO BOARD MEMBERS
Year Ended December 31, 1998**

	Number of Meetings Attended	Amount
Craig Boes	17	\$1,275
J. Ballard	9	675
Jimmie Casco	20	1,725
Gibson Chigbu	9	675
Patrick Colata	11	825
Neil Coale	12	900
Howard Deedee	3	225
Courtney Focht	14	1,050
Brent Ferguson	27	2,025
Daniel Galle	14	1,050
Tara Gilbert Brown	17	1,275
Rossie Graham	14	1,050
Donald Lambert	18	1,350
Ronald Perrin	14	1,050
Byron Talbot	14	1,050
Johnny Reeves	8	600
A. Hoyt Town, Jr.	111	8,325
TOTALS	387	\$29,275

YEAR 2000 ISSUE (UNWIDITED)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Board's operations as early as fiscal year 1999.

The Louisiana State Licensing Board for Contractors has completed an inventory of computer systems that are necessary to conducting the Board's operations. Based on this inventory, the Board is in the remediation stage. Contracts with an outside computer consultant at 12/31/98 approximated \$3,000.

For its financial statement preparation, the Board uses Solomon IV Accounting software. Solomon is responsible for ensuring that its products are Year 2000 compliant and has warranted to the Board that Solomon IV is Year 2000 compliant.

The Board's programmer is currently remediating its licensing application software and certain microcomputers are being upgraded. Testing and validation of the systems will need to be completed after software and hardware are installed (expected in mid July 1999).

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Board is or will be year 2000 ready, that the Board's remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.

WILBERT E. GULFORD, JR.
Certified Public Accountant
7880 First Lancers Dr.
New Orleans, LA 70126
phone 346-1155

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

June 15, 1999

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

I have audited the component audit financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1998 and December 31, 1997, and have issued my report thereon dated June 15, 1999.

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

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

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

In planning and performing my audit of the financial statements of the Louisiana State Licensing Board for Contractors for the years ended December 31, 1996 and December 31, 1997, 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 and financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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

William E. Higgins, Jr.

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

June 15, 1999

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, 1997, and have issued my report thereon dated June 15, 1999.

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.

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



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