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**STATE LICENSING BOARD  
FOR CONTRACTORS**  
**DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA**  
**FINANCIAL REPORT**  
**DECEMBER 31, 1997**

In accordance with the provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or assigned, county 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 **JUN 03 1998**

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

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INDEPENDENT AUDITOR'S REPORT

April 30, 1996

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

I have audited the component unit financial statements of the Louisiana State Licensing Board for Contractors and the individual fund financial statements of the Board as of and for the years ended December 31, 1997, and December 31, 1996 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, 1997 and December 31, 1996 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, 1997 and December 31, 1996 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 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.

*Walter E. G. G. G.*

COMPONENT UNIT FINANCIAL STATEMENTS

LOUISIANA STATE LICENSING BOARD - FEE COLLECTIONS

EXHIBIT A

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

(With Comparative Totals for December 31, 1998)

	Governmental Fund Types				Account System		Totals
	Special Revenue		General Fund	Capital	Miscellaneous Only		
	General	Other			Long-Term Debt	Total	
<b>ASSETS AND OTHER CREDITS:</b>							
<b>ASSETS:</b>							
Cash and Cash Equivalents	\$ 1,828,247	\$	\$	\$	\$ 1,828,247	\$	\$ 210,092
Investments	2,078,748				2,078,748		3,861,838
Accounts Receivable	1,271				1,271		1,888
Accrued Interest	37,828				37,828		33,816
Due from General Fund		145,645			145,645		186,217
Property and equipment, at cost			2,887,988		2,887,988		1,836,000
<b>OTHER CREDITS:</b>							
Account to be credited for unincorporated addresses				79,826	79,826		73,000
<b>Total assets and other credits</b>	\$ 3,985,132	\$ 145,645	\$ 2,887,988	\$ 79,826	\$ 6,978,619	\$ 6,276,626	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 80,380	\$ 1,679	\$	\$	\$ 82,059	\$	\$ 88,284
Due to Special Revenue Fund	146,045	84,795			230,840		150,217
Due to State Fund							80,000
Due to State Treasurer	46,000				46,000		30,250
Deferred revenues	1,948,159	80,000			2,028,159		1,481,760
Committed advances	28,173			79,826	108,000		187,188
<b>Total liabilities</b>	\$ 2,068,757	\$ 166,474	\$	\$	\$ 2,235,231	\$ 2,187,428	\$ 1,932,417

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, 1997

(With Comparative Totals for December 31, 1996)

	Governmental Fund Types			Account Groups		Totals
	General	Special Revenues	General	Fund Assets	Long-Term Debt	
<b>EQUITY AND OTHER CREDITS</b>						
Investment in general fund assets	\$	\$	\$	\$ 2,457,000	\$	\$ 2,457,000
Fund balances:						
Unreserved						
Designated for building replacement	0					0
Designated for unemployment	412,026					412,026
Designated for insurance premiums of workers	684,848					684,848
Designated for the future examination and tests	200,000					200,000
Designated for subsequent years expenditures	737,103					737,103
Total Designated	2,034,077					2,034,077
Undesignated						
Total equity and other credits	\$ 2,034,077	\$ 0	\$ 0	\$ 2,457,000	\$ 0	\$ 4,491,077
Total liabilities, equity and other credits	\$ 2,034,077	\$ 0	\$ 0	\$ 2,457,000	\$ 29,000	\$ 4,758,077

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, 1997

(With Comparative Totals for the Year Ended December 31, 1996)

	General	Special Revenues	Totals (Memorandum Only)	
			1997	1996
<b>Revenues:</b>				
Licenses and permits	\$ 2,078,567	\$ 184,800	\$ 2,263,367	\$ 2,120,400
Miscellaneous-				
Interest earned	211,435		211,435	212,808
Rent and other	5,878	0	5,878	17,281
<b>Total revenues</b>	<b>\$ 2,295,880</b>	<b>\$ 184,800</b>	<b>\$ 2,480,680</b>	<b>\$ 2,350,489</b>
<b>Expenditures:</b>				
<b>Public Safety-</b>				
Personal services	\$ 1,354,351	\$ 72,274	\$ 1,426,625	\$ 1,374,434
Transportation	147,244		147,244	128,540
Other services and charges	526,441	26,723	553,164	523,185
Supplies	36,268	1,035	37,303	36,387
Capital outlay	650,185	0	650,185	112,463
<b>Total expenditures</b>	<b>\$ 2,724,689</b>	<b>\$ 100,032</b>	<b>\$ 2,824,721</b>	<b>\$ 2,172,349</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(428,809)</b>	<b>84,767</b>	<b>(344,042)</b>	<b>178,140</b>
<b>Other Uses:</b>				
Operating transfer out (to oversight unit)	\$ (45,000)	\$ (24,757)	\$ (69,757)	\$ (308,908)
<b>Excess of revenues (under) expenditures and other uses</b>	<b>\$ (482,388)</b>	<b>\$ 0</b>	<b>\$ (482,388)</b>	<b>\$ 69,232</b>
Fund balance, beginning	2,513,590		2,513,590	2,448,990
Prior period adjustments	0		0	3,341
<b>Fund balance, ending</b>	<b>\$ 2,031,202</b>	<b>\$ 0</b>	<b>\$ 2,031,202</b>	<b>\$ 2,513,590</b>

See Notes to Financial Statements



## LOUISIANA STATE ECONOMIC BOARD FOR CONTRACTORS

Table C

## COMPARISON STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE

REVENUE AND ACTUALS - ALL GOVERNMENTAL FUND TYPES

Year Ended December 31, 1992

	General Fund		Miscellaneous- Fundable (Interfund)	Special Revenue Fund		Variance- Favorable (Unfavorable)
	Budget	Actual		Budget	Actual	
<b>Revenues:</b>						
License and permits	\$ 1,000,000	\$ 2,078,007	\$ 148,000	\$ 123,000	\$ 194,000	\$ 14,000
Miscellaneous	165,400	271,406	40,000			
Interest on real estate and other	6,848	4,626	1,752			
<b>Total revenues</b>	\$ 1,172,248	\$ 2,354,039	\$ 189,752	\$ 123,000	\$ 194,000	\$ 14,000
<b>Expenditures:</b>						
<b>Public Utility:</b>						
Personal services	\$ 1,690,272	\$ 1,544,361	\$ 211,071	\$ 79,880	\$ 32,274	\$ 7,811
Transportation	260,500	147,544	58,466	1,000		1,000
Other services and charges	893,948	928,441	127,185	28,370	26,272	6,097
Supplies	43,898	26,396	4,276	1,040	1,036	
Capital outlay	887,200	683,185	222,375	8,000		8,000
<b>Total expenditures</b>	\$ 3,463,818	\$ 2,729,867	\$ 523,367	\$ 123,000	\$ 58,582	\$ 22,947
Excess of revenues over (under) expenditures	\$ (1,291,570)	\$ (375,828)	\$ 66,385	\$ 0	\$ 64,747	\$ 6,853
<b>Other items:</b>						
Operating transfer out (to nonmajor funds)	\$ 0	\$ (68,000)	\$ (68,000)	\$ 0	\$ (68,207)	\$ (64,207)
Excess of revenues over (under) expenditures and other items	\$ (1,291,570)	\$ (443,828)	\$ 66,385	\$ 0	\$ 0	\$ 0
Fund balance, beginning	\$ 2,513,395	\$ 2,013,395	\$ 0	\$ 0	\$ 0	\$ 0
Plus (minus) adjustment						
Fund balance, ending	\$ 1,221,825	\$ 1,569,567	\$ 66,385	\$ 0	\$ 0	\$ 0

See Note 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 each 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

### BAIS 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

### INCURRENCE:

Incurrence accounting, under which purchase orders for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Board.

### COMPARATIVE DATA:

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

### TOTAL COLUMNS ON COMBINED STATEMENTS:

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

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

### CASH AND INVESTMENTS:

Cash includes amounts in demand deposits.

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

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

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

## 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 1. DEPOSITS AND INVESTMENTS

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

	December 31, 1997		
	Carrying Amount	Bank Balance	Market Value
Deposits:			
Insured (FDIC, NCUA OR FDIC)	\$ 364,047	\$ 364,047	\$ -
Uninsured (a)	1,750,000	3,500,000	-
Other investments (b)	1,881,743	-	1,440,323
Total deposits and investments	\$3,995,810	\$4,864,111	\$1,440,323

(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 includes Federal National Mortgage Association debentures held by dealer, subject to NPFC insurance.

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

Cash (in Bank)	\$ 70,847
Cash Equivalents	960,380
Cash & Cash Equivalents	\$1,029,847
Investments	3,965,963
Total Deposits & Investments	\$3,995,810

Note 3. CHANGES IN GENERAL FIXED ASSETS

	Balance December 31, 1996		ADDITIONS	DELETIONS	Balance December 31, 1997
Land (Old Land)	\$ 128,288	\$ -	\$ -	\$ -	\$ 128,288
Land (New Land)	-	499,677	-	-	499,677
Building & Improvements	1,384,693	83,150	-	-	1,467,843
New Building Expenditures	-	44,146	-	-	44,146
Equipment:					
Computer	148,664	26,692	30,765	-	184,821
office	188,326	6,698	12,941	-	197,965
Vehicles	38,150	-	-	-	38,150
Total	\$1,819,609	\$660,165	\$33,706	\$-	\$2,451,009

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 unused portion is recorded as a liability in the General Fund and represents the amount unpaid at December 31, 1997 which would normally be liquidated with expendable available financial resources.

Accumulated annual leave at December, 31, 1996	\$188,403
Leave earned	48,092
Leave paid	<u>137,708</u>
Accumulated annual leave at December 31, 1997	158,787
Less current portion	<u>138,773</u>
Long Term Portion	\$ 20,014

NOTE 5. CHANGES IN DESIGNATION OF GENERAL FUND BALANCE

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

DESIGNATIONS:	Balance 12/31/96	Board Approval Increases	Decreases	Balance 12/31/97
Building replacement	\$ 372,840	\$ -	\$372,840	\$ -
Unemployment	412,628	-	-	412,628
Board's portion of insurance premiums for retirees	604,840	-	-	604,840
Future examination and testing	200,000	-	-	200,000
Subsequent years expenditures	843,881	-	104,379	739,502
	<u>\$2,414,189</u>	<u>\$ -</u>	<u>\$477,219</u>	<u>\$2,036,970</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 6. PENSION PLAN

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. For the year ended December 31, 1997, the Board's total payroll was \$1,888,364 and its payroll covered by the System was \$1,818,088.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Covered employees were required to contribute 7.54 of gross salary to the plan. The Board added a 12.44 contribution for the period January 1, 1997 through June 30, 1997 and 12.84 for the period July 1 through December 31, 1997.

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, 1997 from employees and employers was \$128,783,364 and \$204,848,747, respectively, or approximately 7.88% and 12.44% of covered payroll of \$1,643,141,267 for a total contribution of \$331,779,536 which is approximately 20.26% 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, 1997, using the Projected Unit Credit cost method was approximately \$212,221,188.



#### NOTES TO FINANCIAL STATEMENTS

The statutorily required contribution by the Board for the year ended December 31, 1997, was \$208,870 which consisted of \$128,329 as the employer contribution and \$78,441 from covered employees. The actual contribution made to the System by the Board was \$205,878 which consisted of \$129,329 as the employer contribution and \$76,441 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 FICGS 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 \$6,489,961,000 and the value of the System's assets is \$4,137,977,000 leaving an unfunded pension benefit obligation of \$2,351,444,000.

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 1997 component unit financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the 1974 Louisiana Constitution.

#### Note 7. POSTRETIREMENT COMMITMENTS

In accordance with 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 those benefits if they reach normal retirement age while working for the Board. The cost of retirees 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, 1997. The Board is obligated to contribute 58% of the monthly premiums and the retirees contribute the remaining 42%. For the year ended December 31, 1997, the Board's costs totaled \$69,885.

## 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 year ended December 31, 1996, the aggregate lease payments were \$14,955.

With the addition of the Residential Section and the requirement for space, the Board did not renew its leasing arrangement with the other state agency in 1997.

### Note 9. CONTINGENCIES

There are presently four pending litigations against the State Licensing Board for Contractors. The first case seeks to enjoin the Board from conducting an administrative hearing regarding alleged violations of the Louisiana Contractor's Licensing Law. The board's attorney thinks the Board will prevail in this matter and risk is minimal. The plaintiff, in fact, has offered a sum to settle the matter.

The second case involves an alleged denial of the right to obtain copies of public documents and hence 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 the owner of a testing service who sought access to information and is suing the board for alleged violations of state public records act. The case was dismissed in September 1997 by district court but the plaintiff has appealed. The Board's attorney thinks the Board has only minimal exposure in this matter.

The fourth 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.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 10. PRIOR PERIOD ADJUSTMENTS

Adjustments were made to correct an over estimate of accrued expenses at December 31, 1996.

### NOTE 11. NEW BUILDING CONSTRUCTION AND LEASE AGREEMENT

The Board has purchased new land and is in the process of constructing a new building. It has made arrangements to sell its old building and has a provision with the buyer to lease its current offices until the new building is completed.

On August 18, 1997 the Board purchased land at a cost of \$495,850. Management estimates construction costs of the new building to be approximately \$7,800,000. The building is projected to be ready for occupancy by April 1998.

The Division of Administrative Services and the Louisiana Legislature has approved the Board's plan to sell the existing building. The Governor signed the bill approving the sale of the existing building on May 1, 1998.

The Board has agreed to sell the old building to an interested buyer at a price of \$7,388,800. The Agreement to Purchase and Sell is expected to contain a provision for the Board to leaseback office space at a monthly rate of \$93,714.25. The term of the lease is expected to be twelve (12) months with an option to renew for an additional six months.

### Note 12. Gains & Losses on Investments

Gain on call of bond investment	\$1,158
Loss on call of bond investment	(1,324)
Net Loss on calls of bonds	<u>\$166</u>

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, 1987 and 1986

	1987	1986
<b>ASSETS</b>		
Cash & Cash Equivalents	\$ 1,029,347	\$ 819,163
Investments	2,808,789	3,351,588
Receivables:		
Accounts receivable	1,391	1,984
Accrued interest	37,825	33,818
<b>Total assets</b>	<b>\$ 3,898,352</b>	<b>\$ 4,218,721</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 80,383	\$ 107,355
Due to Special Revenue Fund	146,645	158,217
Due to State Treasurer	46,000	39,250
Deferred revenues	1,846,716	1,384,893
Compensated absences	36,773	34,119
<b>Total liabilities</b>	<b>\$ 1,956,517</b>	<b>\$ 1,733,121</b>
<b>FUND BALANCES</b>		
Unreserved:		
Designated for building replacement	\$ 0	\$ 373,840
Designated for unemployment	412,628	412,628
Designated for insurance premiums for retirees	654,840	654,840
Designated for future examination and testing fund	200,000	200,000
Designated for subsequent years expenditures	737,160	843,482
<b>Total fund balances</b>	<b>\$ 2,034,628</b>	<b>\$ 2,313,828</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,991,145</b>	<b>\$ 4,216,721</b>

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, 1987 and 1988

Exhibit D-2

December 31, 1987

December 31, 1988

	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenue:</b>						
Licensed and permit fees/collections:	\$ 1,028,281	\$ 2,078,087	\$ 1,049,806	\$ 1,054,890	\$ 1,854,883	\$ 799,993
Interest earned	186,480	311,405	124,925	185,000	311,000	125,900
Rent and other	6,348	2,825	(3,523)	95,000	11,291	(83,709)
<b>Total revenues</b>	\$ 1,221,109	\$ 2,392,317	\$ 1,171,208	\$ 1,334,890	\$ 2,177,174	\$ 842,284
<b>Expenditures:</b>						
Public Safety:						
National services	\$ 1,885,373	\$ 1,284,281	\$ 601,092	\$ 1,884,818	\$ 1,293,087	\$ 591,731
Transportation	255,500	147,248	108,252	782,200	128,848	653,352
Other services and charges	855,548	528,441	327,107	842,280	583,281	258,999
Supplies	40,000	25,285	14,715	22,200	28,827	(6,627)
Capital outlay	897,200	685,185	212,015	583,812	112,883	470,929
<b>Total expenditures</b>	\$ 3,465,621	\$ 2,725,440	\$ 740,181	\$ 3,896,310	\$ 2,088,126	\$ 1,808,184
Excess of revenues over (under) expenditures	(1,244,512)	(433,123)	811,389	(1,561,420)	(910,952)	650,568
<b>OTHER ITEMS:</b>						
Operating transfer out to overnight unit	0	146,000	146,000		(60,250)	(60,250)
Fund balance, beginning	\$ 2,072,880	\$ 2,013,000	\$ 59,880	\$ 2,088,000	\$ 2,440,000	\$ 352,000
Prior period adjustments		\$			2,341	2,341
Fund balance, ending	\$ 3,147,248	\$ 2,026,148	\$ 1,121,100	\$ 3,833,378	\$ 2,813,880	\$ 1,021,502

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 Surcharges Fund- This fund is to account for the receipt and subsequent expenditure of the surcharge assessed to contractors not domiciled in the state of Louisiana. These funds are to be utilized to defray the additional cost of investigation of the application of said non-Louisiana contractors. Annually, at each audit of the Board, any surplus funds contained in this Special Revenue Fund are transferred to the Contractors Educational Trust Fund. Prior to 1997 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, 1997 and 1998**

	1997	1998
<b>ASSETS</b>		
Due from General Fund	\$148,848	\$158,217
<b>Total Assets</b>	<b>\$148,848</b>	<b>\$158,217</b>
<b>LIABILITIES</b>		
Accounts Payable	1,879	734
Due to Educational Trust Fund	54,788	
Due to state treasury		88,889
Deferred revenues	93,882	98,803
<b>Total liabilities</b>	<b>\$148,848</b>	<b>\$158,217</b>

See Notes to Financial Statements.

## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

Fiscal Year 02

## FOREIGN CONTRACTOR PURCHASE SPECIAL REVENUE FUND

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

	December 31, 1997		December 31, 1998		Variance, Favorable (not-unfavorable)
	Budget	Actual	Budget	Actual	
<b>Revenues:</b>					
Licenses and permits	\$ 123,000	\$ 124,600	\$ 20,000	\$ 193,000	\$ 47,200
Total revenues	\$ 123,000	\$ 124,600	\$ 20,000	\$ 193,000	\$ 47,200
<b>Expenditures:</b>					
Public utility	\$ 70,000	\$ 72,214	\$ 3,711	\$ 90,001	\$ 86,887
Personal services	1,000	1,000	1,000	1,000	1,000
Transportation	35,178	35,212	6,847	14,887	3,862
Other services and charges	5,000	4,316	0	959	0
Supplies	0	0	0	0	0
Capital outlay	0	0	0	0	0
Total expenditures	\$ 111,178	\$ 112,742	\$ 11,558	\$ 116,747	\$ 45,582
Excess of revenues over expenditures	\$ 11,822	\$ 11,858	\$ 8,442	\$ 76,253	\$ 81,618
Other items:					
Operating transfers out to Contractor's Trust Fund	\$ 0	\$ (84,100)	\$ (84,100)	\$ 0	\$ 0
Operating transfers out to state treasury	\$ 0	\$ 0	\$ 0	\$ (116)	\$ (88,881)
Excess of revenues over expenditures and other items	\$ 11,822	\$ 11,758	\$ 8,442	\$ 76,037	\$ 81,737
Fund balance, beginning	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, ending	\$ 11,822	\$ 11,758	\$ 8,442	\$ 76,037	\$ 81,737

See Note to Financial Statements

SUPPLEMENTARY INFORMATION

## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

## PER DIEM PAID TO BOARD MEMBERS

Year Ended December 31, 1997

	Number of Meetings Attended	Amount
Craig Boes	10	\$1,200
J. Bullard	11	825
Jimmie Cascio	24	1,800
Gibson Chigbu	14	1,050
Patrick Colvin	10	750
Neil Crain	10	750
Howard Duncan	9	675
Courtney Fenot	14	1,050
Brent Ferguson	37	2,775
David Galo	13	975
John Gentry	8	600
Toni Gilliland Brown	55	4,125
Rennie Graham	35	2,625
Brent Honore	8	600
Donald Lambert	18	1,350
Ronald Perrin	13	975
Byron Talbot	17	1,275
A. Hays Town, Jr.	102	7,650
<b>TOTALS</b>	<b>415</b>	<b>\$31,125</b>

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

April 30, 1998

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, 1997 and December 31, 1996, and have issued my report thereon dated April 30, 1998.

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 recorded 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, 1997 and December 31, 1998, I obtained an understanding of its internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure. Accordingly, I do not express such an opinion.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

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

*William S. Gault, Jr.*

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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

April 30, 1990

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, 1987 and December 31, 1988, and have issued my report thereon dated April 30, 1990.

I 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.

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.

*Wilbert E. Guilford, Jr.*

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

The auditor's letter to management for the year ended December 31, 1996 cited the need to improve upon:

- 1). Timely posting of journal entries and reconciliation of the investment accounts.
- 2). Recruitment of qualified personnel to assist with timely postings, reconciliations, and increase the segregation of duties, and
- 3). Differences between the fixed asset inventory listing prepared by the purchasing department and the balances for fixed assets prepared by the accounting department.

### Status of items mentioned in the prior year Letter to Management.

Items 1 and 2 above have been satisfactorily resolved with the hiring of a degreed accountant to assist the accounting supervisor. Also worth noting is that the supervisor and two other accounting department employees are enhancing their accounting skills with college courses at LSU night school.

Item number 3 has been partially resolved by having the accounting department use the same criteria as purchasing to classify fixed assets. To that end, beginning in 1996, accounting has not classified as fixed assets any purchase less than \$250.00. As older assets (under \$250) are purged from accounting's general fixed asset listing, its balance should move closer to that of the purchasing department. As December 31, 1997 there is only a negligible difference between the two schedules.