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LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1998

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(A COMPONENT UNIT OF THE STATE OF LOUISIANA)

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 07 1998

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

INDEPENDENT AUDITOR'S REPORT

Certified Public Accountants

To the Board of Commissioners
Louisiana Real Estate Commission
Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 1998. These general-purpose financial statements are the responsibility of the Louisiana Real Estate Commission management. Our responsibility is to express an opinion of these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards for financial audits contained in the Government Auditing Standards, issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Real Estate Commission as of June 30, 1998, and the results of its operations and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Louisiana Real Estate Commission. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 1998 on our consideration of Louisiana Real Estate Commission's internal control structure and a report dated September 28, 1998 on its compliance with laws and regulations.

Daigrepont & Brian

Daigrepont & Brian
A Professional Accounting Corporation

September 28, 1998

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR 1997

GOVERNMENTAL FUND TYPES

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS		
Cash	\$1,876,590	\$ 286,047
Investments		375,000
Receivables		
Employee		400
Other	4,670	-
Due from other fund	261,166	-
Fixed Assets	-	-
Amount to be provided to retire general long term debt	-	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$2,142,426</u>	<u>\$ 661,447</u>
 LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 23,318	\$ 8,913
Accrued wages	3,066	1,531
Due to other funds	-	252,051
Contingent liabilities	-	52,520
Compensated absences	50,177	-
Deposits	-	-
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>76,561</u>	<u>315,015</u>
 FUND EQUITY		
Investment in general fixed assets	-	-
Fund balances		
Unreserved		
Designated	-	346,432
Undesignated	<u>2,065,865</u>	<u> </u>
TOTAL FUND EQUITY	<u>2,065,865</u>	<u>346,432</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$2,142,426</u>	<u>\$ 661,447</u>

FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (MEMORANDUM ONLY)	
	GENERAL FIXED ASSETS	GENERAL LONG-TERM LIABILITIES	1998	1997
AGENCY				
\$ 175,595	\$ -	\$ -	\$2,338,232	\$1,996,143
-	-	-	375,000	375,000
-	-	-	400	775
-	-	-	4,670	5,925
-	-	-	261,166	122,983
-	1,612,518	-	1,612,518	1,577,159
-	-	15,243	15,243	-
<u>\$ 175,595</u>	<u>\$1,612,518</u>	<u>\$ 15,243</u>	<u>\$4,607,229</u>	<u>\$4,077,985</u>
\$ -	\$ -	\$ -	\$ 32,231	\$ 27,915
-	-	-	4,597	26,805
10,721	-	-	262,772	122,983
-	-	-	52,520	7,150
-	-	15,243	65,420	43,614
164,874	-	-	164,874	154,919
<u>175,595</u>	<u>-</u>	<u>15,243</u>	<u>582,414</u>	<u>383,386</u>
-	1,612,518	-	1,612,518	1,577,159
-	-	-	346,432	408,930
-	-	-	2,065,865	1,708,510
-	1,612,518	-	4,024,815	3,694,599
<u>\$ 175,595</u>	<u>\$1,612,518</u>	<u>\$ 15,243</u>	<u>\$4,607,229</u>	<u>\$4,077,985</u>

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998
WITH COMPARATIVE TOTALS FOR 1997

	GOVERNMENTAL FUND TYPES		TOTALS (MEMORANDUM ONLY)	
	GENERAL	SPECIAL REVENUE	1998	1997
REVENUES				
Licenses, permits and fees	\$1,200,993	\$ 404,486	1,605,479	\$1,629,401
Uses of money and property	92,046	22,566	114,612	98,463
Sale of commodities	16,186	-	16,186	19,136
Other receipts	5,198	-	5,198	3,839
TOTAL REVENUES	<u>1,314,423</u>	<u>427,052</u>	<u>1,741,475</u>	<u>1,750,839</u>
EXPENDITURES				
General government				
Salaries	456,203	143,797	600,000	649,056
Fringe benefits	97,547	22,004	119,551	119,732
Travel	61,839	34,434	96,273	88,424
Operating services	172,831	140,875	313,706	344,525
Operating supplies	28,098	2,670	30,768	28,132
Professional services	57,178	74,750	131,928	153,982
College grants	-	18,500	18,500	20,000
Recovery claims	-	52,520	52,520	(63,021)
Debt service	-	-	-	1,015
Capital outlay	83,372	-	83,372	120,528
TOTAL EXPENDITURES	<u>957,068</u>	<u>489,550</u>	<u>1,446,618</u>	<u>1,462,373</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>357,355</u>	<u>(62,498)</u>	<u>294,857</u>	<u>288,466</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers in	7,044	506,539	513,583	2,391,680
Transfers out	(7,044)	(506,539)	(513,583)	(2,391,680)
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	357,355	(62,498)	294,857	288,466
FUND BALANCE, July 1, 1997	<u>1,708,510</u>	<u>408,930</u>	<u>2,117,440</u>	<u>1,828,974</u>
FUND BALANCE, June 30, 1998	<u>\$2,065,865</u>	<u>\$ 346,432</u>	<u>\$2,412,297</u>	<u>2,117,440</u>

LOUISIANA REAL ESTATE COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL
 FUND TYPES - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1998

	<u>GENERAL FUNDS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Licenses, permits and fees	\$1,259,340	\$1,200,993	\$ (58,347)
Uses of money and property	100,000	92,046	(7,954)
Sale of commodities	19,139	16,186	(2,953)
Other receipts	<u>6,300</u>	<u>5,198</u>	<u>(1,102)</u>
TOTAL REVENUES	<u>1,384,779</u>	<u>1,314,423</u>	<u>(70,356)</u>
EXPENDITURES			
General government			
Salaries	603,712	456,203	147,509
Fringe benefits	115,347	97,547	17,800
Travel	70,120	61,839	8,281
Operating services	205,475	172,831	32,644
Operating supplies	27,456	28,098	(642)
Professional services	78,063	57,178	20,885
College grants	-	-	-
Recovery claim	-	-	-
Capital outlay	<u>120,000</u>	<u>83,372</u>	<u>36,628</u>
TOTAL EXPENDITURES	<u>1,220,173</u>	<u>957,068</u>	<u>263,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>164,606</u>	<u>357,355</u>	<u>192,749</u>
OTHER FINANCIAL SOURCES (USES)			
Transfers in	-	7,044	(7,044)
Transfers out	<u>-</u>	<u>(7,044)</u>	<u>7,044</u>
TOTAL OTHER FINANCIAL SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 164,606</u>	357,355	<u>\$ 192,749</u>
FUND BALANCE, July 1, 1997		<u>1,708,510</u>	
FUND BALANCE, June 30, 1998		<u>\$2,065,865</u>	

SPECIAL REVENUE FUNDS			TOTALS (MEMORANDUM ONLY)		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$ 416,540	\$404,486	\$ (12,054)	\$1,675,880	\$1,605,479	\$ (70,401)
-	22,566	22,566	100,000	114,612	14,612
-	-	-	19,139	16,186	(2,953)
-	-	-	6,300	5,198	(1,102)
<u>416,540</u>	<u>427,052</u>	<u>10,512</u>	<u>1,801,319</u>	<u>1,741,475</u>	<u>(59,844)</u>
155,350	143,797	11,553	759,062	600,000	159,062
23,999	22,004	1,995	139,346	119,551	19,795
28,882	34,434	(5,552)	99,002	96,273	2,729
119,409	140,875	(21,466)	324,884	313,706	11,178
2,340	2,670	(330)	29,796	30,768	(972)
78,962	74,750	4,212	157,025	131,928	25,097
18,500	18,500	-	18,500	18,500	-
7,150	52,520	(45,370)	7,150	52,520	(45,370)
-	-	-	120,000	83,372	36,628
<u>434,592</u>	<u>489,550</u>	<u>(54,958)</u>	<u>1,654,765</u>	<u>1,446,618</u>	<u>208,147</u>
<u>(18,052)</u>	<u>(62,498)</u>	<u>(44,446)</u>	<u>146,554</u>	<u>294,857</u>	<u>148,303</u>
-	506,539	(506,539)	-	513,583	(513,583)
-	<u>(506,539)</u>	<u>506,539</u>	-	<u>(513,583)</u>	<u>513,583</u>
-	-	-	-	-	-
<u>\$ (18,052)</u>	<u>(62,498)</u>	<u>\$ (44,446)</u>	<u>\$ 146,554</u>	<u>294,857</u>	<u>\$ 148,303</u>
	<u>408,930</u>			<u>2,117,440</u>	
	<u>\$346,432</u>			<u>\$ 2,412,297</u>	

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Real Estate Commission is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development, as provided by Louisiana Revised Statutes 36:109. The Commission is composed of nine members, appointed by the Governor, who serve staggered terms of two, four and six years. The Commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Included in this responsibility are the duties to establish, adopt and enforce rules and regulations and educational standards as well as to administer and enforce the provisions of the Louisiana Real Estate Licensing Law, LSA-R.S. 37:1431 et. seq., and the Louisiana Timesharing Act, LSA-R.S. 9:1131.1 et. seq. Operations of the Commission are funded with license fees, manual sales and interest earnings.

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

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

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

B. FUND ACCOUNTING

The accounts of the Louisiana Real Estate Commission are organized on the basis of funds and accounts 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. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

Governmental Funds

General Fund

The General Fund is the principal fund and is used to account for the general operations of the commission. The various fees and charges due the commission are accounted for in this fund. General operating expenditures are paid from this 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 specific purposes. The commission has two special revenue funds. The purpose of the Research and Education fund is to promote advancement and more efficient administration of the real estate industry and that of the Recovery fund is settlement of monetary damages involving the sale or lease of real property.

Fiduciary Funds

Agency Funds

Agency Funds account for assets that the Louisiana Real Estate Commission holds on behalf of others as their agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operation.

Account Groups

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

C. BASIS OF ACCOUNTING

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

Revenues

Revenues are recognized when they become measurable and available as net current assets. Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenue treated as susceptible to accrual is interest income.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting. Expenditures are recognized when the goods or services are received.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

D. GENERAL FIXED ASSETS

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. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

A summary of changes in general fixed assets follows:

	<u>JULY 1, 1997</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>JUNE 30, 1998</u>
Land	\$ 198,460	\$ -	\$ -	\$ 198,460
Buildings	972,541	-	-	972,541
Equipment	<u>406,158</u>	<u>83,372</u>	<u>48,013</u>	<u>441,517</u>
TOTAL	<u>\$1,577,159</u>	<u>\$ 83,372</u>	<u>\$ 48,013</u>	<u>\$1,612,518</u>

E. GENERAL LONG-TERM OBLIGATIONS

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

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

	<u>COMPENSATED ABSENCES</u>
Long-term obligations, July 1, 1997	\$ 25,993
Additions	-
Deductions	<u>(10,750)</u>
Long-term obligations, July 30, 1998	<u>\$ 15,243</u>

F. ENCUMBRANCES

The Louisiana Real Estate Commission does not follow the encumbrance method of accounting.

G. BUDGETS

The Commission is subject to the provisions of the Louisiana Licensing Agency Budget Act (LSA-R.S. 39:1331-1342) which requires all licensing agencies to prepare a comprehensive budget presenting a complete financial plan for the ensuing year.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

G. Budgets (continued)

The accounting department compiles for the Executive Director estimates of revenues and request for appropriations of the annual budget (GAAP Basis).

No later than the first day of January in each year, the Commission submits a copy of its proposed budget for the ensuing fiscal year to the Joint Legislative Committee on the Budget, to the chairman of a standing committee of the legislature having jurisdiction as listed in R.S. 49:968, to the legislative auditor, and to the legislative fiscal office.

The Joint Legislative Committee must have prior written notification of any proposed transfers of funds from one category of expenditures to another if the transfer will constitute a ten percent change in either the category or if the total budget increases or decreases five percent.

The Commission submitted the 97-98 budget in December 1996 and the beginning cash balance was budgeted. No changes or amendments were made to the submitted budget.

All appropriations lapse at year-end and there were no encumbrances at year end.

H. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

I. VACATION AND SICK LEAVE

The Louisiana Real Estate Commission accrues vacation and sick leave when earned. Employees earn and vest vacation and sick leave in varying amounts, according to their years of service. Upon retirement or resignation, unused vacation leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, vacation leave in excess of 300 hours, and unused sick leave is used in the retirement benefit computation as earned service.

At June 30, 1998, employees of the Commission has accumulated and vested \$65,583 of employee leave benefits, which was computed in accordance with GASB Codification Section C-60. Of this amount, \$50,340 is recorded as an obligation of the General Fund and \$15,243 is recorded within the general long-term obligation account group.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

J. RETIREMENT BENEFITS

Substantially all of the employees of the Commission belong to the Louisiana State Employees' Retirement System a cost sharing multiple employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes yearly annual financial reports, which include detailed historical, financial, and actuarial information. These reports can be obtained by writing to the Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, LA 70804.

The System was established by Act of the Louisiana Legislature in 1946. The retirement laws were substantially rewritten and amended by Act 135 of the 1972 Regular Legislative System. It is under the management of a Board of Trustees composed of eleven members to make, alter, amend and promulgate rules and otherwise provide for the System's establishment and maintenance. The System benefits include regular retirement, disability retirement and survivor benefits.

Employer contribution rates are set by the Public Retirement Systems' Actuarial Committee. The contribution rate for 1997/98 was set at 13% of earned compensation which amounted to \$69,995 in this fiscal year. In fiscal year 1996/97 the rate was 12.4% and in fiscal year 1995/96 it was 11.9%.

K. LITIGATION AND CLAIMS

At June 30, 1998, the Commission was involved in litigation or was aware of claims totaling \$52,520, which were not covered by insurance. This probable liability has been recorded as a contingent liability in the Recovery fund. No claims or litigation costs were incurred in the current year.

L. LEASES

The Louisiana Real Estate Commission does not record items under capital leases as an asset and an obligation in the accompanying financial statements. The Commission has no significant operating leases as of June 30, 1998.

M. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Real Estate Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Commission's employees become eligible for those benefits if they reach normal retirement age while working for the commission. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and by the Commission. The Commission's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1998 the cost of retiree benefits totaled \$20,999 and there are eight participants currently eligible to receive benefits.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

N. DEPOSITS AND INVESTMENTS

DEPOSITS

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

As reflected on the Balance Sheet, the Louisiana Real Estate Commission had cash and cash equivalents totaling \$2,338,232 at June 30, 1998. Cash and cash equivalents are stated at cost, which approximates market

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The Commissions deposits were fully insured or collateralized as required by the state statutes at June 30, 1998. At year-end, the bank balances totaling \$2,068,303 were covered by Federal Depository Insurance and of \$205,224 and collateral with a market value of \$4,980,800.

Investments

The Commission has two certificates of deposits as follows:

<u>COST</u>	<u>TERM</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>
\$ 300,000	91 days	4.00	9/08/98
\$ 75,000	182 days	5.10	10/17/98

These are Category 1 investments secured by pledged securities with a market value of \$575,000.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

O. DUE TO/FROM OTHER FUNDS

Individual fund type balances due to/from other funds at June 30, 1996 are as follows:

<u>FUND</u>	<u>DUE TO OTHER FUND</u>	<u>DUE FROM OTHER FUND</u>
Escrow	\$ 9,116	\$ -
Research and education	252,050	-
Recovery	-	-
Operating	<u>-</u>	<u>261,166</u>
Total	<u>\$ 261,166</u>	<u>\$ 261,166</u>

P. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, presentation to prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Q. TOTAL COLUMNS

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 cash flows 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. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation

R. RELATED PARTY TRANSACTIONS

The Commission made the following related party disbursements for the year ended June 30, 1998:

State of Louisiana:

Department of Civil Service	\$ 2,031
Division of Administration	455
Office of Risk Management	20,775
Office of Telecommunications	18,966
Secretary of State	90
State Register	217

The Commission also back-charged the Louisiana Real Estate Appraisers Board of Certification \$75,026 for pro-rata share of operating expense for this fiscal year. At June 30, 1998, the receivable of \$5,925 consists of June back-charges.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1998

S. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUPPLEMENTARY INFORMATION

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
FOR YEAR ENDED JUNE 30, 1998

COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem paid to Louisiana Real Estate Commission's commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

LOUISIANA REAL ESTATE COMMISSION MEMBERS

Joan Montgomery	\$ 2,050
James Simmons	1,950
Jack Fluck	1,250
Judy Songy	200
Arthur DeLoach	950
Steve Thomson	350
David Reinauer	1,100
George Diedrich	50
Betty Phelps	750
Joseph Pappalardo	<u>1,900</u>
TOTAL	<u>\$10,550</u>

OTHER INDEPENDENT
AUDITORS' REPORTS

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Louisiana Real Estate Commission
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Louisiana Real Estate Commission a component unit of the State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 28, 1998.

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

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

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

This report is intended for the information of the board members, management, and the Legislative Auditor's office. However, this report is a matter of public record and its distribution is not limited.



Daigrepont & Brian
A Professional Accounting Corporation

September 28, 1998

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Louisiana Real Estate Commission
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Louisiana Real Estate Commission a component unit as of and for the year ended June 30, 1998, and have issued our report thereon dated September 28, 1998.

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

The management of the Louisiana Real Estate Commission is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general-purpose financial statements of Louisiana Real Estate Commission, for the year ended June 30, 1998, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

This report is intended for the information of the board of commissioners, management, and the Legislative Auditor's office. However, this report is a matter of public record and its distribution is not limited.

Daigrepoint & Brian

Daigrepoint & Brian
A Professional Accounting Corporation

September 28, 1998

OTHER INFORMATION

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
FINDINGS OR MANAGEMENT LETTER COMMENTS

There were no prior year findings or management letter comments.

DATA COLLECTION FORM
FOR REPORTING ON AUDITS OF STATE AND LOCAL GOVERNMENT AND QUASIPUBLIC ENTITIES

OMB Form 0348-0057 may be used as a substitute for this form.
Date Submitted 9/30/98

RETURN to: Legislative Auditor
Attn: Engagement Processing
Post Office Box 94397
Baton Rouge, Louisiana 70804-8397

1. Fiscal Year Ending Date For This Submission:
6/30/98
3. Audit Period Covered
 Annual Biennial
 Other to

2. Type of Report:
 Single Audit GAO Audit Standards Audit
 Compilation Compilation/Attestation
 Program Audit Other

4. AUDITEE INFORMATION

5. AUDITOR INFORMATION

Auditee Name: LOUISIANA REAL ESTATE COMMISSION
Street Address (Number and Street): 9071 INTERLINE AVE.
Mailing Address (PO No.): P.O. BOX 14785
City: BATON ROUGE State: LA Zip: 70898
Auditee Contact Name: AL ROWE Title: ACCOUNTANT
Telephone: 504 925-4789 Fax: 504 925-4431
Email (Optional):

Firm Name: DAIGREPONT & BRIAN, APAC
b. Street Address (Number and Street): 6641 GOVERNMENT ST.
Mailing Address (PO No.): N/A
City: BATON ROUGE State: LA Zip: 70806
c. Auditor Contact Name: CLAUDIA BRIAN Title: CPA
Telephone: 504 927-3760 Fax: 504-927-3761
Email (Optional):

Component Units Included Within the Report and for Which No Separate Report Will Be Issued:
NONE

If there are no modifications to the auditor's financial opinion, no reportable conditions, no material weaknesses, no reported instances of noncompliance, and no management letter, check this box; do not complete the rest of the form.

6. FINANCIAL STATEMENTS
a. Type of audit report on financial statements. Not Applicable
 Unqualified Opinion Qualified Opinion Adverse Opinion Disclaimer of Opinion
b. Is a 'going concern' explanatory paragraph included in the audit report? Yes No
c. Do any of the funds have deficit fund balances? Yes No
d. Is there a related party footnote? Yes No

7. INTERNAL CONTROL
Do the comments on internal control include: material weaknesses reportable conditions not applicable

8. COMPLIANCE
Do the comments on compliance include: illegal acts fraud/criminal acts not applicable

9. MANAGEMENT LETTER (Finding Caption and No.)

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable

10. SCHEDULE OF CURRENT YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

\$ _____ Resolved Yes No No Longer Applicable

\$ _____ Resolved Yes No No Longer Applicable

\$ _____ Resolved Yes No No Longer Applicable

\$ _____ Resolved Yes No No Longer Applicable

\$ _____ Resolved Yes No No Longer Applicable

\$ _____ Resolved Yes No No Longer Applicable
Do any findings address nepotism, ethics violations or related party transactions? Yes No
Do any findings address violation of bond indenture covenants? Yes No

11. SCHEDULE OF PRIOR YEAR FINDINGS/QUESTIONED COSTS (Finding Caption and No.)

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable

Resolved Yes No No Longer Applicable