

BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997

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DYER & VICKNAIR

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INDEPENDENT AUDITORS' REPORT

Louisiana State Board of Architectural Examiners
Department of Economic Development
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA

a component unit of the State of Louisiana, as of and for the year ended June 30, 1997. These financial statements are the responsibility of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana at June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 1997 on our consideration of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana's internal control structure and a report dated August 21, 1997 on its compliance with laws and regulations.

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(CERTIFIED PUBLIC ACCOUNTANTS)

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana. Such information has been subjected to the audit procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Baton Rouge, Louisiana
August 21, 1997

Dyer & Vickman

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
ALL FUNDS AND ACCOUNT GROUPS
BALANCE SHEET
JUNE 30, 1997

| | <u>GOVERNMENTAL FUND</u> | <u>ACCOUNT GROUPS</u> | |
|--|------------------------------|-------------------------------------|---|
| | <u>GENERAL FUND</u> | <u>GENERAL FIXED ASSETS</u> | <u>GENERAL LONG-TERM OBLIGATION</u> |
| | | | <u>TOTAL (MEMORANDUM ONLY)</u> |
| <u>ASSETS AND OTHER DEBITS</u> | | | |
| Cash | \$ 89,743 | | \$ 89,743 |
| Investments | 131,256 | | 131,256 |
| Fixed assets | | \$ 43,787 | 43,787 |
| Amount to be provided for retirement of general long-term obligations | | | \$ 12,768 |
| | <u>220,999</u> | <u>43,787</u> | <u>12,768</u> |
| <u>Total assets and other debits</u> | | | <u>277,554</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | |
| Liabilities | | | \$ 511 |
| Accounts payable | \$ 511 | | 511 |
| Compensated absences | | | \$ 12,768 |
| | | | <u>12,768</u> |
| <u>Total liabilities</u> | <u>511</u> | | <u>13,279</u> |
| Fund Equity | | | |
| Investment in general fixed assets | | \$ 43,787 | 43,787 |
| Fund balance | <u>220,488</u> | | <u>220,488</u> |
| <u>Total fund equity</u> | <u>220,488</u> | <u>43,787</u> | <u>264,275</u> |
| <u>Total liabilities and fund equity</u> | <u>220,999</u> | <u>43,787</u> | <u>12,768</u> |
| | | | <u>277,554</u> |

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 1997

| | |
|--|----------------|
| <u>REVENUES</u> | |
| License fees | \$ 269,320 |
| Interest income | 11,277 |
| Miscellaneous | <u>335</u> |
| <u>Total revenues</u> | <u>280,932</u> |
| <u>EXPENDITURES</u> | |
| Personal services | 113,159 |
| Operating services | 59,527 |
| Materials and supplies | 4,941 |
| Travel | 16,328 |
| Examination costs | 243 |
| Education and research | 7,603 |
| Professional services | 59,552 |
| Capital outlay | <u>5,952</u> |
| <u>Total expenditures</u> | <u>267,305</u> |
| <u>EXCESS REVENUES OVER EXPENDITURES</u> | 13,627 |
| <u>FUND BALANCE, beginning of year</u> | <u>206,860</u> |
| <u>FUND BALANCE, end of year</u> | <u>220,487</u> |

The accompany notes are an integral part of this statement.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED JUNE 30, 1997

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE- FAVORABLE (UNFAVORABLE)</u> |
|--|--------------------|--------------------|--|
| <u>REVENUES</u> | | | |
| License fees | \$ 267,800 | \$ 269,320 | \$ 1,520 |
| Examination fees | 1,000 | 0 | (1,000) |
| Interest income | 6,570 | 11,277 | 4,707 |
| Miscellaneous | <u>1,500</u> | <u>335</u> | <u>(1,165)</u> |
| <u>Total revenues</u> | <u>276,870</u> | <u>280,932</u> | <u>4,062</u> |
| <u>EXPENDITURES</u> | | | |
| Personal services | 117,270 | 113,159 | 4,111 |
| Operating services | 57,700 | 59,527 | (1,827) |
| Materials and supplies | 4,500 | 4,941 | (441) |
| Travel | 22,600 | 16,328 | 6,272 |
| Examination costs | 1,000 | 243 | 757 |
| Education and research | 11,000 | 7,603 | 3,397 |
| Professional services | 66,800 | 59,552 | 7,248 |
| Capital outlay | <u>6,000</u> | <u>5,952</u> | <u>48</u> |
| <u>Total expenditures</u> | <u>286,870</u> | <u>267,305</u> | <u>19,565</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u> | (10,000) | 13,627 | 23,627 |
| <u>FUND BALANCE, beginning of year</u> | <u>192,368</u> | <u>206,860</u> | <u>14,492</u> |
| <u>FUND BALANCE, end of year</u> | <u>182,368</u> | <u>220,487</u> | <u>38,119</u> |

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997

INTRODUCTION

The Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development, in accordance with Title 37, Chapter 141 of the Louisiana Revised Statutes (LSA-R.S.) 36:803. The board is composed of five members, appointed by the governor, who serve six (6) years. The Board is charged with the responsibility of licensing and regulating the practice of architecture in the State of Louisiana. The Board's operations are funded entirely through annual self-generated revenues. At June 30, 1997 there were 2,410 architects and 321 corporations licensed in the state.

Note #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Louisiana State Board of Architectural Examiners have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In accordance with GASB Codification Section 2100, the board is a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying general-purpose financial statements present only the transactions of the Louisiana State Board of Architectural Examiners, a component unit of the State of Louisiana.

C. Fund Accounting

The Board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect the net expendable available financial resources.

Funds of the board are classified as governmental funds. Governmental funds account for the board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the Board include:

General Fund

The general fund is the general operating fund of the board and accounts for all financial resources, except those required to be accounted for in other funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Licenses and fees are recorded in the year these revenues are earned which approximates when measurable and available.

Interest income is recorded when earned.

Substantially all other revenues are recorded when they become available to the board.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual leave, which is recognized when paid.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

E. Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations are not capitalized in the funds used to acquire them. Instead, capital acquisition is reflected in governmental funds, and the related assets are reported in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

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

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

F. Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the application appropriation, is not employed.

G. Budgets and Budgetary Accounting

An annual budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP).

H. Cash and Investments

Cash includes interest-bearing demand deposits. Under state law, the board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law, and national banks having their principal offices in Louisiana.

Under state law, the Board may invest in United States bonds, treasury notes or certificates.

The Board considers time deposits and investments with an original maturity of three months or less to be cash equivalents. If the original maturities exceed 90 days, they are classified as investments.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

Investments are stated at cost which approximates market.

I. Compensated Absences

Vested or accumulated annual and sick leave that is not expected to be liquidated with expendable available resources of the general funds is reported in the general long-term obligation account group. No expenditure is reported for these amounts.

J. Memorandum Only - Total Column

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

Note #2: LEGAL COMPLIANCE - BUDGET

Annually, the board adopts a budget at its June meeting for the succeeding calendar year.

Formal budget integration is employed as a management control device during the year.

All appropriations lapse at the end of the year.

Budgeted amounts included in the accompanying financial statements reflect the original adopted budget.

Note #3: CASH

At June 30, 1997, the Board has cash (bank balances) totaling \$89,743. This total is comprised of interest-bearing demand deposits. 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 of deposit with the fiscal agent. These securities must be held in the name of the pledging

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DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1997, the Board has \$97,873 in deposits (collected bank balances). This entire balance is secured from risk by federal depository insurance.

Note #4: INVESTMENTS

Investments at June 30, 1997, are all time certificates of deposits having maturities exceeding ninety days. These investments are secured from risk by federal deposit insurance.

At June 30, 1997, the investments' amortized cost and market are \$131,256.

Note #5: CHANGES IN GENERAL FIXED ASSETS

At June 30, 1997, the board has stewardship responsibility for \$43,787 in furniture and equipment.

There were no changes in fixed assets during the year ended June 30, 1997.

During the year ended June 30, 1997 the Board incurred \$5,952 of capital outlay expenditures. This amount represented computer software in the amount of \$5,295 and furniture of \$657 and were not considered as additions to the general fixed assets account groups.

Note #6: CHANGES IN LONG-TERM OBLIGATION

The following is a summary of the long-term obligation transactions for the year ended June 30, 1997:

| | <u>Compensated Absences</u> |
|------------------------|---------------------------------|
| Balance, July 1, 1996 | \$ 12,159 |
| Additions | <u>609</u> |
| Balance, June 30, 1997 | <u><u>12,768</u></u> |

The liability for compensated absences is computed only at the end of each fiscal year, therefore, the \$609 reflected above as additions is the net of leave benefits earned and paid during the year.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

Note #7: PENSION PLAN

All full time employees of the Board are members in the Louisiana State Employees Retirement System ("System"), a multiple-employer cost sharing public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service or (c) at age 60 with ten years of service. The System also provides death and disability benefits. Benefits are established by state statute.

In addition to the employee contribution at 7.5% of gross salary, the Board contributes an additional 12.4% of gross salary to the System. Contributions to the System during the year were funded through employee and employer contributions of \$6,282 and \$10,381 respectively. The total current year payroll of the Board was \$96,104 and its current year payroll covered by the System was \$83,766. Under present statutes, the Board does not guarantee any of the benefits granted by the System.

Note #8: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no retired employees receiving postretirement health care and life insurance benefits.

Note #9: LEASES

The Board leases office space for \$1,675 per month. This lease is an operating lease which expires December 30, 1996. Rent expenditure for the year is \$20,100.

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1997
(Continued)

Note #10: LITIGATION

There were no judgments, claims or similar contingencies pending against the Board at June 30, 1997.

Note #11: BOARD MEMBERS' PER DIEM

The Board members are paid per diem of \$75 for each day while engaged in the discharge of their duties.

SUPPLEMENTAL INFORMATION

LOUISIANA STATE BOARD OF ARCHITECTURAL EXAMINERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA
SCHEDULE OF BOARD MEMBERS' PER DIEM
YEAR ENDED JUNE 30, 1997

| | |
|------------------------|--------------|
| Ronald B. Blicht | \$ 525 |
| Joseph M. Brocato, Jr. | 900 |
| Kim E. Mitchell | 600 |
| Fabian A. Patin | 1,350 |
| Raymond G. Post, Jr. | 75 |
| Charles E. Schwing | <u>375</u> |
| <u>Total</u> | <u>3,825</u> |

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

Louisiana State Board of Architectural Examiners
Department of Economic Development
State of Louisiana
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 21, 1997.

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

The management of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana 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 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 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 the policies and procedures may deteriorate.

DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

In planning and performing our audit of the general-purpose financial statements of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana for the year ended June 30, 1997, we obtained an understanding of the internal control structure. Our 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 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 general-purpose 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 operation that we consider to be material weaknesses as defined above.

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

There were no comments concerning the internal control structure in the audit for the year ended June 30, 1996.

Baton Rouge, Louisiana
August 21, 1997

Dyer & Vicknair

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

Louisiana State Board of Architectural Examiners
Department of Economic Development
State of Louisiana
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 21, 1997.

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.

Compliance with laws and regulations applicable to Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana State Board of Architectural Examiners, Baton Rouge, Louisiana's compliance with certain provisions of laws and regulations. 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 management, the State of Louisiana and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

There were no instances of noncompliance noted in the audit for the year ended June 30, 1996.

Baton Rouge, Louisiana
August 21, 1997

Dyer & Vicknair