

**LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1999
With Supplemental Information Schedule**

September 21, 1999

Under provisions of state law, this report is a public document. A copy of 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 ~~067 06 1999~~

**McRight & Associates
Certified Public Accountants
Baton Rouge, Louisiana**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana Real Estate Commission
Department of Economic Development
State of Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana Real Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana Real Estate Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Louisiana Governmental Auditing Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit 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 the Louisiana Real Estate Commission as of June 30, 1999 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 September 21, 1999 on our consideration of Louisiana Real Estate Commission's internal control structure and a report dated September 21, 1999, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the 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 financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Michael D. Amore". The signature is written in dark ink and includes a prominent flourish at the end.

September 21, 1999

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
June 30, 1999
WITH COMPARATIVE TOTALS FOR 1998

	GOVERNMENTAL FUNDS		FIDUCIARY FUND TYPE
	GENERAL	SPECIAL REVENUE	AGENCY
ASSETS			
Cash	\$2,164,909	\$228,016	\$150,039
Investments		375,000	
Receivables			
Employee		600	
Other	4,251		
Due from other funds	288,284		
Fixed assets			
Amount to be provided to retire general long term debt			
TOTAL ASSETS	2,457,444	603,616	150,039
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	65,094	16,977	
Accrued wages	5,477	1,730	
Due to other funds		266,947	9,191
Contingent liabilities		43,200	
Compensated absences	52,800		
Deposits			140,848
TOTAL LIABILITIES	123,371	328,854	150,039
FUND EQUITY			
Investment in general fixed assets			
Fund balances			
Unreserved			
Designated		274,762	
Undesignated	2,334,073		
TOTAL FUND EQUITY	2,334,073	274,762	0
TOTAL LIABILITIES AND FUND EQUITY	2,457,444	603,616	150,039

The accompanying notes are an integral part of this statement.

ACCOUNT GROUPS		TOTALS	
GENERAL	GENERAL	(MEMO ONLY)	
FIXED	LONG TERM	1999	1998
ASSETS	DEBT		
		\$2,542,964	\$2,338,232
		375,000	375,000
		600	400
		4,251	4,670
		288,284	261,166
1,685,760		1,685,760	1,612,518
	37,557	37,557	15,243
<u>1,685,760</u>	<u>37,557</u>	<u>4,934,416</u>	<u>4,607,229</u>
		82,071	32,231
		7,207	4,597
		276,138	262,772
		43,200	52,520
	37,557	90,357	65,420
		140,848	164,874
<u>0</u>	<u>37,557</u>	<u>639,821</u>	<u>582,414</u>
1,685,760		1,685,760	1,612,518
		274,762	346,432
		2,334,073	2,065,865
<u>1,685,760</u>	<u>0</u>	<u>4,294,595</u>	<u>4,024,815</u>
<u>1,685,760</u>	<u>37,557</u>	<u>4,934,416</u>	<u>4,607,229</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, 1999
WITH COMPARATIVE TOTALS FOR 1998

	GOVERNMENTAL FUNDS		TOTALS (MEMO ONLY)	
	GENERAL	SPECIAL REVENUE	1999	1998
REVENUES				
Licenses, permits and fees	\$1,210,954	\$399,504	\$1,610,458	\$1,605,479
Use of money and property	93,788	21,600	115,388	114,612
Sale of commodities	31,874	0	31,874	21,384
TOTAL REVENUES	1,336,616	421,104	1,757,720	1,741,475
EXPENDITURES				
General government				
Personal service	585,746	177,613	763,359	719,551
Travel	72,218	52,666	124,884	96,273
Operating services	199,168	155,130	354,298	313,706
Operating supplies	50,647	5,941	56,588	30,768
Professional services	87,387	97,622	185,009	131,928
College grants	0	0	0	18,500
Recovery claims	0	3,802	3,802	52,520
Capital outlay	73,242	0	73,242	83,372
TOTAL EXPENDITURES	1,068,408	492,774	1,561,182	1,446,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	268,208	(71,670)	196,538	294,857
FUND BALANCE, BEGINNING	2,065,865	346,432	2,412,297	2,117,440
FUND BALANCE, ENDING	2,334,073	274,762	2,608,835	2,412,297

The accompanying notes are an integral part of this statement.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Licenses, permits and fees	\$1,312,335	\$1,210,954	(\$101,381)
Use of money and property	92,360	93,788	1,428
Sale of commodities	21,900	31,874	9,974
TOTAL REVENUES	<u>1,426,595</u>	<u>1,336,616</u>	<u>(89,979)</u>
EXPENDITURES			
General government			
Personal service	703,693	585,746	117,947
Travel	64,002	72,218	(8,216)
Operating services	161,729	199,168	(37,439)
Operating supplies	52,656	50,647	2,009
Professional services	59,620	87,387	(27,767)
College grants	0	0	0
Recovery claims	0	0	0
Capital outlay	95,000	73,242	21,758
TOTAL EXPENDITURES	<u>1,136,700</u>	<u>1,068,408</u>	<u>68,292</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>289,895</u>	<u>268,208</u>	<u>(21,687)</u>
FUND BALANCE, BEGINNING		<u>2,065,865</u>	
FUND BALANCE, ENDING		<u>2,334,073</u>	

The accompanying notes are an integral part of this statement.

SPECIAL REVENUE FUNDS			TOTAL MEMO ONLY		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$436,430	\$399,504	(\$36,926)	\$1,748,765	\$1,610,458	(\$138,307)
25,240	21,600	(\$3,640)	\$117,600	\$115,388	(\$2,212)
0	0	\$0	\$21,900	\$31,874	\$9,974
<u>461,670</u>	<u>421,104</u>	<u>(40,566)</u>	<u>1,888,265</u>	<u>1,757,720</u>	<u>(130,545)</u>
200,120	177,613	22,507	903,813	763,359	140,454
35,000	52,666	(17,666)	99,002	124,884	(25,882)
164,001	155,130	8,871	325,730	354,298	(28,568)
4,950	5,941	(991)	57,606	56,588	1,018
94,100	97,622	(3,522)	153,720	185,009	(31,289)
0	0	0	0	0	0
120,000	3,802	116,198	120,000	3,802	116,198
0	0	0	95,000	73,242	21,758
<u>618,171</u>	<u>492,774</u>	<u>125,397</u>	<u>1,754,871</u>	<u>1,561,182</u>	<u>193,689</u>
<u>(156,501)</u>	<u>(71,670)</u>	<u>84,831</u>	<u>133,394</u>	<u>196,538</u>	<u>63,144</u>
	<u>346,432</u>			<u>2,412,297</u>	
	<u>274,762</u>			<u>2,608,835</u>	

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana Real Estate Commission (the Commission) is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development, as provided by Louisiana Revised Statute 36:109. The Commission is composed of nine members, appointed by the Governor. The members serve staggered terms of two, four and six year. The Commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the board are funded through self generated funds.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (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 Commission prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Commission, a component unit of the State of Louisiana.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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

B. FUND ACCOUNTING

The accounts of the Board 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 is comprised of 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:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is the principal fund and is used to account for the general operations of the Board. The various fees and charges due the Board are accounted for in this fund. The Board has no other Funds.

Special Revenue Fund

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.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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 operations.

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 Board's records are maintained on the modified accrual basis of accounting using the following practices:

Revenues:

Licenses, fees, and fines are recorded in the year received, which approximates when measurable and available. All other revenues are recorded when received. Licenses are renewed annually in December.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liabilities are incurred and the goods or services have been received.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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.

	JULY 1 1998	ADDITION	DELETIONS	JUNE 30, 1999
Land	\$ 198,460	\$	\$	\$ 198,460
Building	972,541			972,541
Equipment	441,517	73,242		514,759
	<u>1,612,578</u>	<u>73,242</u>		<u>1,685,760</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. At June 30, 1999 long-term obligations of \$37,557 were recorded for future payments of compensated absences.

F. ENCUMBRANCES

The Commission does not follow the encumbrances method of accounting.

G. BUDGET PRACTICES

The Commission submitted its annual budget to the various agencies prescribed by LSA-R.S. 39:1331-1342 and 36:803. The board adopted the budget for each fiscal year prior to the start of the fiscal year.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget is prepared on the cash basis, there are no substantial differences between cash and modified accrual basis of budgeting. Budgeted amounts included in the accompanying financial statements represents the original adopted budget since there were no subsequent amendments.

H. INVENTORIES

The Commission has no significant inventory.

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, 1999, employees of the Commission have accumulated and vested \$90,357 of employee leave benefits, which was computed in accordance with GASB Codification Section C-60. Of this amount, \$52,800 is recorded as an obligation of the General Fund and \$37,557 is recorded within the general long-term obligation account group.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

J. RETIREMENT BENEFITS

Substantially all employees of the commission are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All full-time board employees 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 \$300 plus 2.5 percent of their highest consecutive 36-month average salary multiplied by their years of credited service. 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. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (504) 922-0600.

Covered employees are required by state statute to contribute 7.5 percent of gross salary and the board is required to contribute at an actuarially determined rate. The current rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the board are established and may be amended by state statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The Commission contributions to the System for years ending June 30, 1999, 1998, 1997, were \$52,650, \$69,995, and \$64,650, respectively, equal to the required contributions for each year.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

K. LITIGATION AND CLAIMS

At June 30, 1999, the Commission was involved in litigation or was aware of claims totaling \$43,200, 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, 1999.

M. FUND DEFICIT

AT June 30, 1999 none of the funds had a deficit balance.

N. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Real Estate Commission provides certain 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, 1999 the cost of retiree benefits totaled \$20,999 and there are eight participants currently eligible to receive benefits.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

O. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalent include cash, demand deposits, time deposits and certificates of deposit.

The Commission had cash and cash equivalents totaling \$2,542,964 at June 30, 1999. 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 items equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer.

The deposits at June 30, 1999 were accrued as follows:

	June 30, 1999
Demand Deposits	\$2,542,964
Certificate of Deposits	375,000
Total Bank Balances	\$2,918,964
Secured by FDIC insurance	200,000
Secured by pledged securities	2,718,964

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

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

P. DUE TO/FROM OTHER FUNDS

	DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS
Escrow	\$ 21,337	\$
Research and Education	266,947	
Recovery	-	
Operating	-	288,284
	288,284	288,284

Q. TOTAL COLUMN ON STATEMENTS

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

R. RELATED PARTY TRANSACTIONS

The Louisiana Real Estate Appraisers are operated within the Louisiana Real Estate Commission. Both direct and indirect payroll and related benefits are paid by the Commission and back-charged to the Board. Also, the Commission back-charged 4.5% of other general operating expenses to the Board. For fiscal year ending June 30, 1999, a total of \$78,168 was back-charged for all of these expenses and \$13,751 is owed the Louisiana Real Estate Commission at June 30, 1999.

LOUISIANA REAL ESTATE APPRAISERS
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

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.

T. YEAR 2000 DISCLOSURES

At June 30, 1999, the Commission had completed its update of its computer system to be year 2000 compliant.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
SCHEDULE OF PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 1999

NAME	AMT PAID	AMT ACCRUED	TOTAL
Joan Montgomery	\$ 550	-0-	\$ 550
James Simmons	2,050	-0-	2,050
Judy Songy	1,550	-0-	1,550
Steve Thomson	750	-0-	750
David Reinauer	1,450	-0-	1,450
Betty Phelps	850	-0-	850
Joseph Pappalardo	200	-0-	200
Ann Raines	800	-0-	800
Bruce Roberts	1,100	-0-	1,100
TOTAL	<u>\$9,300</u>	<u>-0-</u>	<u>\$9,300</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

McRight & Associates

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(225) 292-2041

Jeanette R. McRight, CPA, MBA

L. Dalton McRight, CPA, MBA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE AND COMPLIANCE BASED SOLELY ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS

Board of Directors
Louisiana Real Estate Commission
State of Louisiana
Baton Rouge, Louisiana

We have audited the general purpose financial statements of Louisiana Real Estate Commission, Baton Rouge, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated September 21, 1999. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Louisiana Real Estate Commission general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and 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.

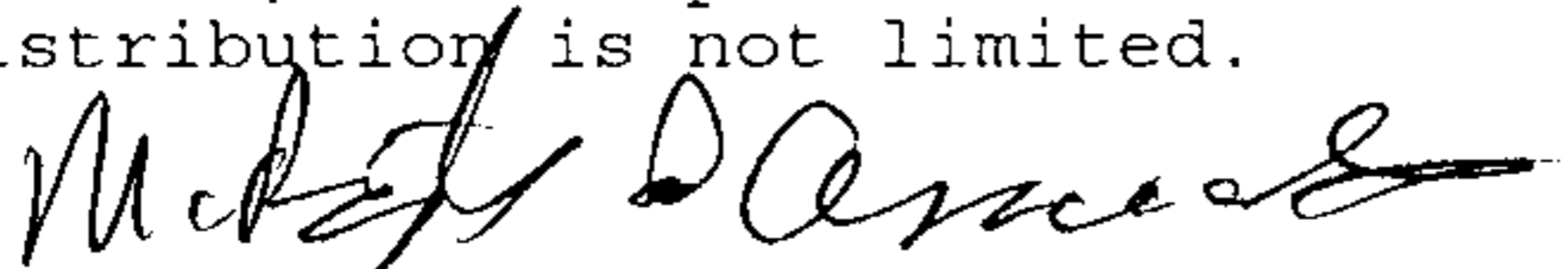
Internal Control Over Financial Reporting

In planning and performing our audit of the general purpose financial statements of Louisiana Real Estate Commission, Baton Rouge, Louisiana for the year ended June 30, 1999, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal

control structure. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting audits operation that we consider to be material weakness.

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



September 21, 1999