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LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD  
Department of Transportation and Development  
State of Louisiana  
Baton Rouge, Louisiana

Audited Financial Statements  
As of and For the Year Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9-8-04

LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD  
Department of Transportation and Development  
State of Louisiana  
Baton Rouge, Louisiana

Audited Financial Statements  
As of and For the Year Ended June 30, 2004

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Chairman

Vice Chairman

Treasurer

Secretary

Executive Secretary



Kerry M. Hawkins, P.E.

C. L. Jack Stelly, P.L.S.

Joseph C. Wink Jr., P.E.

William H. Miller, P.E., P.L.S.

Morgan M. Watson, P.E.

LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD

August 25, 2004

Legislative Auditor  
State of Louisiana  
P. O. Box 94397  
Baton Rouge, LA 70804-9397

Attached is the required Financial Report: Fiscal year ending 2003-2004

Sincerely,

Evelyn Mayeux  
Accounting Specialist II

*Roy Chenevert*

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

Louisiana Professional Engineering  
and Land Surveying Board  
Department of Transportation  
and Development  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Professional Engineering and Land Surveying Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana Professional Engineering and Land Surveying Board. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Professional Engineering and Land Surveying Board as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2004, on our consideration of the Louisiana Professional Engineering and Land Surveying Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Louisiana Professional Engineering and Land Surveying Board's basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana Professional Engineering and Land Surveying Board. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Roy Chenevert, CPA*

Baton Rouge, Louisiana  
August 13, 2004

LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD  
Department of Transportation and Development  
State of Louisiana  
Management's Discussion and Analysis

The management's discussion and analysis of the Louisiana Professional Engineering and Land Surveying Board's financial performance presents a narrative overview and analysis of the board's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter and the board's financial statements.

#### FINANCIAL HIGHLIGHTS

The board's assets exceeded its liabilities at the close of fiscal year 2004 by \$440,776. The net assets decreased by \$180,059 (or 29.0%).

The board's revenue decreased by \$85,268 (or 8.0%).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

The Louisiana Professional Engineering and Land Surveying Board's financial statements are comprised of the basic financial statements and the notes to the financial statements. In addition to the basic financial statements and the accompanying notes, other information in this report presents certain supplementary information required by legislative resolution. The basic financial statements are designed to provide readers with a broad overview of the board's finances in a manner similar to a private sector business.

##### Basic Financial Statements

Under the new reporting model, the basic financial statements of the Louisiana Professional Engineering and Land Surveying Board will be less complex and present financial information for the board as a whole, in a format designed to make the statements easier for the reader to understand. The statements of this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 9) presents the current and long-term portion of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 11) presents information showing how the board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

#### FINANCIAL ANALYSIS OF THE BOARD

##### Statement of Net Assets as of June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Current and other assets	\$506,509	\$686,247
Capital assets	6,239	12,200
Total assets	<u>512,748</u>	<u>698,447</u>
Current liabilities	66,714	61,827
Non-current liabilities	5,258	15,785
Total liabilities	<u>71,972</u>	<u>77,612</u>
Total net assets	<u>\$440,776</u>	<u>\$620,835</u>

The composite net asset amount of \$440,776 consists of investment in capital assets and unrestricted net assets in the amounts of \$6,239 and \$434,537, respectively. The board's equity interest in its capital assets is reported within the investment in capital assets. The unrestricted net assets are those that do not have any limitations for what these amounts may be used.

Net assets of the board decreased by \$180,059, or 29.0%, from June 30, 2003, to June 30, 2004. A major cause of this decrease is the purchase of new licensing software and the payment of annual leave to retiring employees.

##### Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues	\$ 942,235	\$1,021,699
Operating expenses	(1,163,406)	(1,120,077)
Operating income (loss)	<u>(221,171)</u>	<u>(98,378)</u>
Non-operating revenues	41,112	46,916
Decrease in net assets	<u>\$(180,059)</u>	<u>\$ (51,462)</u>

The board's total revenues decreased by \$85,268 or 8.0%. The total cost of all programs and services increased by \$43,329 or 3.9%.

#### CAPITAL ASSETS

At the end of 2004, the board had \$6,239 invested in a broad range of capital assets consisting mainly of furniture and equipment.

**Capital Assets at Year-end  
(Net of Depreciation)**

Furniture and equipment	\$6,239
-------------------------	---------

There were no major additions this year in furniture and equipment.

**BUDGET**

The annual budget was approved by the board at the November 19, 2002 meeting.

**CONTACTING THE LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana Professional Engineering and Land Surveying Board's finances and to show the board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Secretary, Louisiana Professional Engineering and Land Surveying Board, 9643 Brookline Avenue, Suite 121, Baton Rouge, Louisiana 70809.



**Louisiana Professional Engineering and  
 Land Surveying Board  
 Department of Transportation and Development  
 State of Louisiana  
 Statement of Net Assets  
 June 30, 2004**

<b>Assets</b>	
Current assets	
Cash (note 2)	\$506,509
Total current assets	<u>506,509</u>
Non-current assets	
Capital assets, net of depreciation (note 3)	6,239
Total assets	<u>512,748</u>
<b>Liabilities</b>	
Current liabilities	
Accounts payable (note 7)	28,869
Current portion of long-term liability	
Accrued compensated absences (note 8)	37,845
Total current liabilities	<u>66,714</u>
Non-current liabilities:	
Accrued compensated absences (note 8)	5,258
Total liabilities	<u>71,972</u>
<b>Net assets</b>	
Invested in capital assets	6,239
Unrestricted net assets	434,537
Total net assets	<u>\$440,776</u>

See accompanying notes to the financial statements.

**Louisiana Professional Engineering and  
Land Surveying Board  
Department of Transportation and Development  
State of Louisiana  
Statement of Revenues, Expenses,  
and Changes in Net Assets  
Year Ended June 30, 2004**

Operating revenues	
Licenses, permits, and fees	<u>\$942,235</u>
Operating expenses	
Personal services	646,307
Travel	57,691
Operating services	174,427
Supplies	9,161
Professional services	261,698
Capital outlay	8,161
Depreciation	5,961
Total operating expenses	<u>1,163,406</u>
Operating (loss)	<u>(221,171)</u>
Non-operating revenues	
Use of money and property	8,345
Other revenues	32,767
Total non-operating revenues	<u>41,112</u>
Change in net assets	(180,059)
Net assets, beginning of year	<u>620,835</u>
Net assets, end of year	<u><u>\$440,776</u></u>

See accompanying notes to the financial statements.

**Louisiana Professional Engineering and  
Land Surveying Board  
Department of Transportation and Development  
State of Louisiana  
Statement of Cash Flows  
Year Ended June 30, 2004**

Cash flows from operating activities	
Cash received from customers	\$942,235
Cash paid to suppliers for goods and services	(507,985)
Cash paid to employees for services	(652,577)
Net cash (used) by operating activities	<u>(218,327)</u>
Cash flows from non-capital financing activities	
Other non-operating revenue	32,779
Net cash provided by non-capital financing activities	<u>32,779</u>
Cash flows from investing activities	
Interest earned	8,345
Net cash provided by investing activities	<u>8,345</u>
Net (decrease) in cash	(177,203)
Cash, beginning of year	<u>683,712</u>
Cash, end of year	<u><u>\$506,509</u></u>
Reconciliation of operating (loss) to net cash (used) by operating activities	
Operating (loss)	\$(221,171)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
Depreciation	5,961
Decrease in other assets	2,523
Increase in accounts payable	829
Increase in accrued payroll	5,237
(Decrease) in compensated absences payable	<u>(11,706)</u>
Net cash (used) by operating activities	<u><u>\$(218,327)</u></u>

See accompanying notes to the financial statements.

**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Notes to the Financial Statements  
June 30, 2004

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Louisiana Professional Engineering and Land Surveying Board is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:681-703, within the Department of Transportation and Development, and is domiciled in East Baton Rouge Parish. The board consists of 11 members appointed by the governor. The members serve terms of six years, and may receive a per diem not to exceed \$100 per meeting or day spent on business of the board, plus travel expenses. The board is charged with the responsibility of examining, certifying, registering, and disciplining engineers and land surveyors within the State of Louisiana. Operations of the board are funded through self-generated revenues.

**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

**Reporting Entity**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered 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 financial statements present only transactions of the Louisiana Professional Engineering and Land Surveying Board. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

**Fund Accounting**

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

The accounting and financial reporting treatment applied to the board is determined by its measurement focus. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, and unrestricted net assets.

**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Notes to the Financial Statements  
June 30, 2004

**Budget Practices**

Annually, the board adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2004 was adopted on November 19, 2002, and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenditures of the succeeding year.

**Cash**

Cash includes petty cash and demand deposits. Under state law, the board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Capital Assets**

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	Years
Automobiles	5
Data processing equipment	5
Furniture and equipment	10

**Compensated Absences**

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Notes to the Financial Statements  
June 30, 2004

**Net Assets**

Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following two components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

**NOTE 2 – CASH**

At June 30, 2004, the board has cash (book balances) totaling \$506,509.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by Federal deposit insurance or similar Federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the Federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2004, the board has \$648,594 in deposits (collected bank balances) that were 100% insured or collateralized with securities held by the board or its agent in the board's name.

**NOTE 3 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Furniture & Equipment	\$ 90,966	\$ -	\$ -	\$ 90,966
Less accumulated depreciation	(78,766)	(5,961)	-	(84,727)
Total Furniture & Equipment	<u>\$ 12,200</u>	<u>\$(5,961)</u>	<u>\$ -</u>	<u>\$ 6,239</u>

**NOTE 4 – RETIREMENT SYSTEM**

Substantially all employees of the board belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

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% of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years

**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Notes to the Financial Statements  
June 30, 2004

of services, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the board is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The board's contribution rate for fiscal years ended June 30, 2004, 2003, and 2002 were 15.8%, 14.1%, and 13%, respectively, of annual covered payroll. The board's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$65,425, \$64,111, and \$56,275, respectively, which are the required contributions for each year.

**NOTE 5 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Louisiana Professional Engineering and Land Surveying Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all board employees become eligible for those benefits if they reach normal retirement age while working for the board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the board. The board recognizes the cost of providing those benefits (board's portion of premiums) as an expense when paid during the year. For the year ended June 30, 2004, the cost of three retirees' benefits totaled \$1,807.

**NOTE 6 – LEASE AND RENTAL COMMITMENTS**

The board has continuing obligations for operating leases at June 30, 2004 as follows:

<u>Fiscal Year Ending</u>	<u>Office Space</u>	<u>Equipment</u>
June 30, 2005	\$24,500	\$4,849

Lease and rental expenses for the year ended June 30, 2004 totaled \$70,770. The board has no capital leases.

**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Notes to the Financial Statements  
June 30, 2004

**NOTE 7 – PAYABLES**

At June 30, 2004, the board had payables totaling \$28,869 as follows:

Accounts payable	\$ 2,541
Accrued wages payable	24,141
Benefits payable	2,187
Total payables	\$28,869

**NOTE 8 – COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences for the year ended June 30, 2004:

	July 1, 2003	Reduction	June 30, 2004
Compensated Absences	\$54,809	\$(11,706)	\$43,103

The reduction to compensated absences during the 2003-04 fiscal year represents the net change during the year because the additions and reductions could not readily be determined.

**NOTE 9 – LITIGATION**

The Louisiana Professional Engineering and Land Surveying Board is not a defendant in any litigation seeking damages at June 30, 2004.



**Other Report Required By  
Government Auditing Standards**

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

*Roy Chenevert*

CERTIFIED PUBLIC ACCOUNTANT

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SOCIETY OF LOUISIANA CPAs

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS**

Louisiana Professional Engineering and  
Land Surveying Board  
Department of Transportation and  
Development  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana Professional Engineering and Land Surveying Board, a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Professional Engineering and Land Surveying Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance 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 non-compliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana Professional Engineering and Land Surveying Board's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. 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 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 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 and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to

management of the Louisiana Professional Engineering and Land Surveying Board in a separate letter dated August 13, 2004.

This report is intended solely for the information and use of the Board and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Roy Chenevert, CPA*

Baton Rouge, Louisiana  
August 13, 2004

**LOUISIANA PROFESSIONAL ENGINEERING AND  
LAND SURVEYING BOARD**  
**Department of Transportation and Development**  
**State of Louisiana**  
Schedule of Findings  
For the Year Ended June 30, 2004

Type of auditor's report issued: Unqualified.

Internal control over financial reporting: No findings were identified.

Compliance: No instances of noncompliance were identified.

**LOUISIANA PROFESSIONAL ENGINEERING AND  
LAND SURVEYING BOARD  
Department of Transportation and Development  
State of Louisiana  
Summary Schedule of Prior Audit Finding**

For the Year Ended June 30, 2003

Finding Title: Cafeteria Plan

Status of Finding: Not Resolved

No changes were made to the plan during the fiscal year ending June 30, 2004. See current year management letter finding titled "Cafeteria Plan."

Finding Title: Collateral Pledged to Secure Deposits

Status of Finding: Fully Resolved

Monthly reviews are performed by the Account Specialist and the contract CPA.

Finding Title: Authorizations for Employee Deduction

Status of Finding: Fully Resolved

Current authorizations for payroll deductions were obtained.

## **SUPPLEMENTAL INFORMATION SCHEDULES**

### **PER DIEM PAID BOARD MEMBERS**

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:685. Board members are paid \$100 per day for board meetings and official business.

### **DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE**

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

**Louisiana Professional Engineering and  
 Land Surveying Board  
 Department of Transportation and  
 Development  
 State of Louisiana  
 Schedule of Per Diem Paid Board Members  
 For the Year Ended June 30, 2004**

	<u>Number</u>	<u>Amount</u>
Timothy J. Allen	13	\$ 1,300
Charles G. Coyle	7	700
Richard I. Durrett	-	-
Bobby J. Green	34	3,400
Paul N. Hale, Jr.	2.5	250
Kerry M. Hawkins	32	3,200
Kenneth L. McManis	-	-
William H. Miller	29	2,900
Bobby E. Price	11	1,100
Bijan Sharafkhani	2	200
C. L. Jack Stelly	12	1,200
Morgan M. Watson	11.5	1,150
Joseph C. Wink, Jr.	14.5	1,450
		<hr/>
Total		<u>\$16,850</u>

LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2004

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT  
MD&A

Statements

Balance Sheet	A
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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2004

Louisiana Professional Engineering  
and Land Surveying Board


Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Evelyn Mayeux, Account Specialist 2 of the Louisiana Professional Engineering and Land Surveying Board who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Professional Engineering and Land Surveying Board at June 30, 2004 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this twenty fourth day of August, 2004.

  
Signature of Agency Official

  
NOTARY PUBLIC

Prepared by: Evelyn Mayeux

Title: Account Specialist 2

Telephone No.: (225) 925-6291

Date: August 24, 2004

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

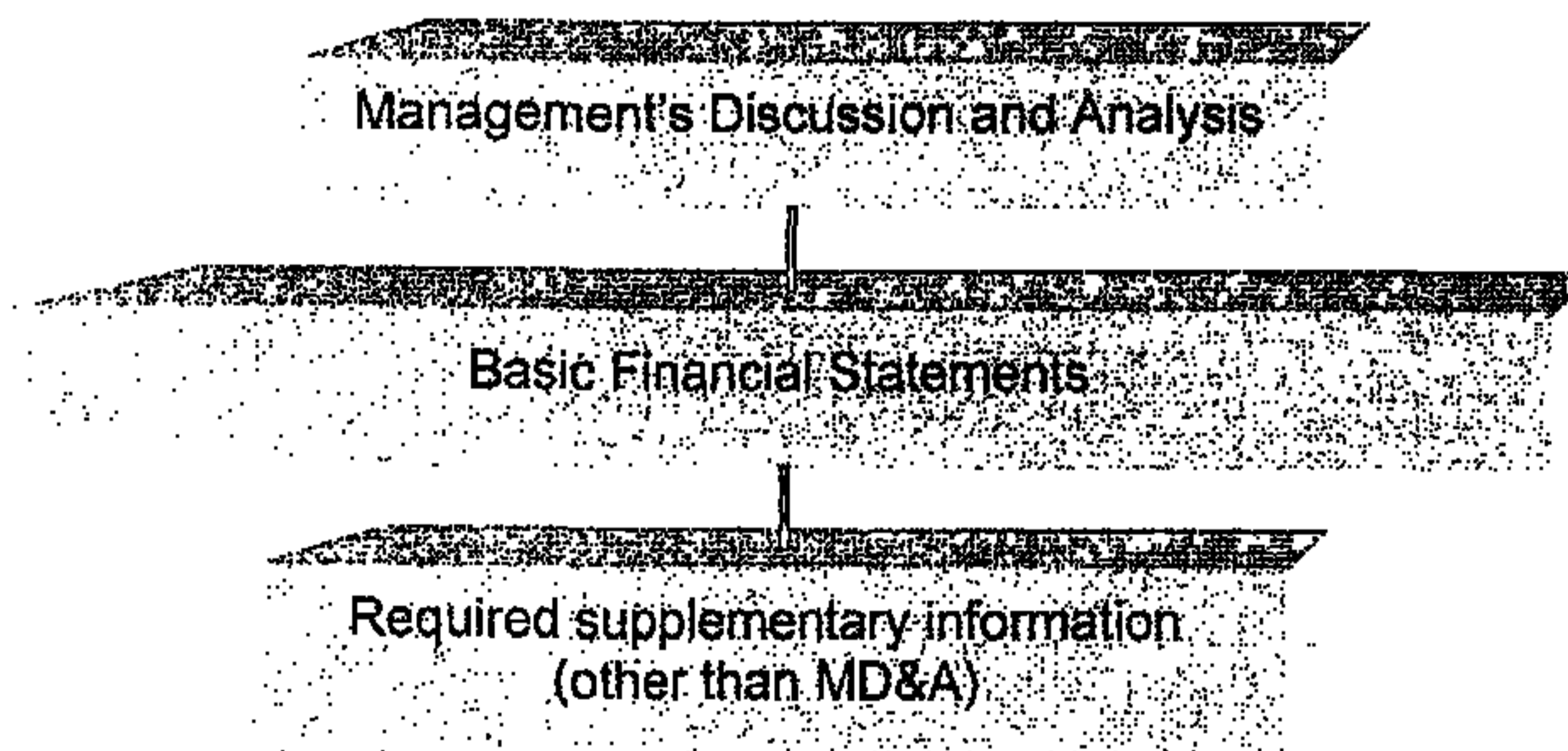
The Management's Discussion and Analysis of the Louisiana Professional Engineering and Land Surveying Board's (BTA) financial performance presents a narrative overview and analysis of the Board's (BTA) financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's (BTA) financial statements.

### **FINANCIAL HIGHLIGHTS**

- ★ The Board's (BTA) assets exceeded its liabilities at the close of fiscal year 2004 by \$440,776 which represents a 29.0% decrease from last fiscal year. The net assets decreased by \$180,059 (or 29.0%).
- ★ The Board's (BTA) revenue decreased \$85,268 (or 8.0%) and the net results from activities decreased by \$128,597 (or 250%).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

#### **Basic Financial Statements**

The basic financial statements present information for the Board (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

The Balance Sheet presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how Board's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the Board's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2004 and 2003  
(in thousands)

	Total	
	2004	2003
Current and other assets	\$ 506	\$ 686
Capital assets	6	12
Total assets	<u>512</u>	<u>698</u>
Other liabilities	67	61
Long-term debt outstanding	5	16
Total liabilities	<u>72</u>	<u>77</u>
Net assets:		
Invested in capital assets, net of debt	6	12
Restricted		
Unrestricted	434	609
Total net assets	<u>\$ 440</u>	<u>\$ 621</u>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Board (BTA) decreased by \$180,059, or 29.0%, from June 30, 2003 to June 30, 2004. Causes include the purchase of new licensing software and the payment of annual leave to retiring employees.

STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2004

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 for the years ended June 30, 2004 and 2003  
 (in thousands)

	Total	
	2004	2003
Operating revenues	\$ 942	\$ 1022
Operating expenses	-1163	-1120
Operating income(loss)	-221	-98
Non-operating revenues(expenses)	41	47
Income(loss) before transfers	-180	-51
Transfers in	0	0
Transfers out	0	0
Net increase(decrease) in net assets	\$ -180	\$ -51

The Board's (BTA) total revenues decreased by \$85,268 or (8.0%). The total cost of all programs and services increased by \$43,329 or less than 3.9%.

**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of BTA is to look at the Statement of Cash Flows. The Statement of Cash Flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

**Statement of Cash Flows**  
 (in thousands)

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities	\$(218)	\$(72)
Capital Financial Activities	33	34
Non-capital financing activities	8	13
Investing activities		
Net increase in cash and cash equivalents	(177)	(25)
Cash and cash equivalents		
Beginning of year	684	709
End of year	\$507	\$684

**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2004**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2004, the Board (BTA) had \$6,239 invested in a broad range of capital assets, including furniture and equipment. (See Table below.) This amount represents a net decrease (including additions and deductions) of \$5,961, or 48.9%, from last year.

		Capital Assets at Year-end (Net of Depreciation, in thousands)	
		2004	2003
Land	\$		\$
Buildings and improvements			
Equipment		6	12
Infrastructure			
	Totals \$	\$ 6	\$ 12

There were no major additions during the fiscal year 2003-04.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$13,000 under budget and expenditures were less than budget due in part to a reduction in operating costs.

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2004**

**CONTACTING THE BOARD'S (BTA) MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's (BTA) finances and to show the Board's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Secretary, 9643 Brookline Avenue, Suite 121, Baton Rouge, LA 70809.

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
BALANCE SHEET  
AS OF JUNE 30, 2004**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	506,509
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		506,509

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		6,239
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		6,239
Total assets	\$	512,748

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	28,869
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		37,845
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		66,714

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		5,258
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		5,258
Total liabilities		71,972

**NET ASSETS**

Invested in capital assets, net of related debt		6,239
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		434,537
Total net assets		440,776
Total liabilities and net assets	\$	512,748

The accompanying notes are an integral part of this financial statement.  
Statement A

**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2004**

<b>OPERATING REVENUES</b>		
Sales of commodities and services		\$
Assessments		
Use of money and property		
Licenses, permits, and fees	942,235	
Other		
Total operating revenues	942,235	
<b>OPERATING EXPENSES</b>		
Cost of sales and services		
Administrative	1,157,445	
Depreciation	5,961	
Amortization		
Total operating expenses	1,163,406	
Operating income(loss)	(221,171)	
<b>NON-OPERATING REVENUES(EXPENSES)</b>		
State appropriations		
Intergovernmental revenues (expenses)		
Taxes		
Use of money and property	8,345	
Gain (loss) on disposal of fixed assets		
Federal grants		
Interest expense		
Other	32,767	
Total non-operating revenues(expenses)	41,112	
Income(loss) before contributions and transfers	(180,059)	
Capital contributions		
Transfers in		
Transfers out		
Change in net assets	(180,059)	
Total net assets – beginning as restated	620,835	
Total net assets – ending	\$ 440,776	

The accompanying notes are an integral part of this financial statement.

Statement B



**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2004**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Entity	\$ 1,163,406	\$ 942,235	\$	\$ (221,171)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				8,345
Miscellaneous				32,767
Special items				
Transfers				
Total general revenues, special items, and transfers				41,112
Change in net assets				(180,059)
Net assets - beginning				620,835
Net assets - ending				\$ 440,776

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004**

<b>Cash flows from operating activities</b>			
Cash received from customers	\$	942,235	
Cash payments to suppliers for goods and services		(507,985)	
Cash payments to employees for services		(652,577)	
Payments in lieu of taxes			
Internal activity-payments to other funds			
Claims paid to outsiders			
Other operating revenues(expenses)			
Net cash provided(used) by operating activities			(218,327)
<b>Cash flows from non-capital financing activities</b>			
State appropriations			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Operating grants received			
Other		32,779	
Transfers in			
Transfers Out			
Net cash provided(used) by non-capital financing activities			32,779
<b>Cash flows from capital and related financing</b>			
Proceeds from sale of bonds			
Principal paid on bonds			
Interest paid on bond maturities			
Proceeds from issuance of notes payable			
Principal paid on notes payable			
Interest paid on notes payable			
Acquisition/construction of capital assets			
Proceeds from sale of capital assets			
Capital contributions			
Other			
Net cash provided(used) by capital and related financing activities			-
<b>Cash flows from investing activities</b>			
Purchases of investment securities			
Proceeds from sale of investment securities			
Interest and dividends earned on investment securities		8,345	
Net cash provided(used) by investing activities			8,345
Net increase(decrease) in cash and cash equivalents			(177,203)
Cash and cash equivalents at beginning of year			683,712
Cash and cash equivalents at end of year		\$	506,509

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2004**

<b>Reconciliation of operating income(loss) to net cash provided(used) by operating activities:</b>			
Operating income(loss)		\$	(221,171)
Adjustments to reconcile operating income(loss) to net cash			
Depreciation/amortization	5,961		
Provision for uncollectible accounts			
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net			
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments			
(Increase)decrease in inventories			
(Increase)decrease in other assets	2,523		
Increase(decrease) in accounts payable and accruals	829		
Increase(decrease) in accrued payroll and related benefits	5,237		
Increase(decrease) in compensated absences payable	(11,706)		
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues			
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	(218,327)

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	_____
Contributions of fixed assets	_____
Purchases of equipment on account	_____
Asset trade-ins	_____
Other (specify)	_____
_____	_____
_____	_____
<b>Total noncash investing, capital, and financing activities:</b>	<b>_____</b>

(Concluded)

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA**  
**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

**INTRODUCTION**

The Louisiana Professional Engineering and Land Surveying Board, (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:681-703. The following is a brief description of the operations of the Board (BTA) which includes the parish/parishes in which the (BTA) is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

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. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses 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 accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Board (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
Notes to the Financial Statement**

<b>As of and for the year ended June 30, 2004</b>		<b>APPROPRIATIONS</b>
Original approved budget	\$	1,073,850
Amendments:		
To increase personal services and professional services.		147,680
Final approved budget	\$	1,221,530

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) 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.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts 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 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.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

**Category 1** – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

**Category 2** – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

**Category 3** – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

**GASB Statement 40 only requires any category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.**

The deposits at June 30, 2004 consisted of the following:

**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004**

	Cash	Certificates of Deposit	Other (Describe)	Total
Deposits in bank accounts per balance sheet	\$ 506,509	\$	\$	\$ 506,509
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	\$	\$	\$	\$ -
b. Uninsured and collateralized with securities held by the pledging institution				-
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name				-
<b>Total category 3 bank balances</b>	\$ -	\$ -	\$ -	\$ -
<b>Total bank balances (All categories including category 3 reported above)</b>	\$ 648,594	\$	\$	\$ 648,594

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

	Banking institution	Program	Amount
1.	Union Planters Bank		\$ 648,594
2.			
3.			
4.			
	<b>Total</b>		\$ 648,594

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$	<u>None</u>
Petty cash	\$	<u>150</u>

2. INVESTMENTS – Not applicable.

3. Other Disclosures Required for Investments- Not applicable.

**STATE OF LOUISIANA**  
**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASES ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2004						
	Balance	Prior	Adjusted				Balance
	6/30/2003	Period	Balance	Additions	Transfers*	Retirements	6/30/2004
<b>Capital assets not being depreciated</b>							
Land	--	--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
<b>Total capital assets not being depreciated</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	90,966	--	90,966	--	--	--	90,966
Less accumulated depreciation	(78,766)	--	(78,766)	(5,961)	--	--	(84,727)
<b>Total furniture, fixtures, and equipment</b>	<b>12,200</b>	<b>--</b>	<b>12,200</b>	<b>(5,961)</b>	<b>--</b>	<b>--</b>	<b>6,239</b>
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total buildings and improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total depreciable land improvements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total infrastructure</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total other capital assets</b>	<b>12,200</b>	<b>--</b>	<b>12,200</b>	<b>(5,961)</b>	<b>--</b>	<b>--</b>	<b>6,239</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	90,966	--	90,966	--	--	--	90,966
<b>Total cost of capital assets</b>	<b>90,966</b>	<b>--</b>	<b>90,966</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>90,966</b>
Less accumulated depreciation	(78,766)	--	(78,766)	(5,961)	--	--	(84,727)
<b>Capital assets, net</b>	<b>12,200</b>	<b>--</b>	<b>12,200</b>	<b>(5,961)</b>	<b>--</b>	<b>--</b>	<b>6,239</b>
* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsew here in this packet.							

**E. INVENTORIES – Not applicable.**

**F. RESTRICTED ASSETS – Not applicable.**

**STATE OF LOUISIANA**  
**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Board (BTA) has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2004 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$1,218. The leave payable is recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System, a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time (BTA) 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% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life 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. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004 increased to 15.8% of annual covered payroll from the 14.1% and 13% required in fiscal years ended June 30, 2003 and 2002, respectively. The (BTA) contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$65,425, \$64,111, and \$56,275, respectively, equal to the required contributions for each year.



**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004**

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.\*\*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

\*\*If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all (BTA) employees become eligible for post employment health care, dental and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2004, the cost of providing those benefits for the three retirees totaled \$1,807.

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2003-04 amounted to \$70,770. A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014	FY2015-2019
Office space	\$ 24,500	\$	\$	\$	\$	\$	\$
Equipment	4,849						
<b>Total</b>	<b>\$ 29,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

2. CAPITAL LEASES – Not applicable.
3. LESSOR DIRECT FINANCING LEASES – Not applicable.
4. LESSOR – OPERATING LEASE – Not applicable.

**STATE OF LOUISIANA**  
**LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2004**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, 2003	Year ended June 30, 2004		Balance June 30, 2004	Amounts due within one year
		Additions	Reductions		
<b>Bonds and notes payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds	--	--	--	--	--
<b>Other liabilities:</b>					
Contracts payable					
Compensated absences payable	54,809		11,706	43,103	37,845
Capital lease obligations					
Liabilities payable from restricted assets					
Claims and litigation					
Other long-term liabilities					
Total other liabilities	54,809	--	11,706	43,103	37,845
Total long-term liabilities	54,809	--	11,706	43,103	37,845

L. LITIGATION – Not applicable.

M. RELATED PARTY TRANSACTIONS – Not applicable.

N. ACCOUNTING CHANGES – Not applicable.

O. IN-KIND CONTRIBUTIONS – Not applicable.

P. DEFEASED ISSUES – Not applicable.

Q. COOPERATIVE ENDEAVORS – Not applicable.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – Not applicable.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – Not applicable.

T. SHORT-TERM DEBT – Not applicable.

U. DISAGGREGATION OF RECEIVABLE BALANCES – Not applicable.

**STATE OF LOUISIANA  
 LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2004**

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 2,541	\$ 26,328	\$ -	\$ -	\$ 28,869
					-
<b>Total payables</b>	<b>\$ 2,541</b>	<b>\$ 26,328</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 28,869</b>

- W. SUBSEQUENT EVENTS – Not applicable.**
- X. SEGMENT INFORMATION – Not applicable.**
- Y. DUE TO/DUE FROM AND TRANSFERS – Not applicable.**
- Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – Not applicable.**
- AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – Not applicable.**

**STATE OF LOUISIANA  
LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD (BTA)  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
For the Year Ended June 30, 2004**

Name	Amount
Timothy J. Allen	\$ 1,300
Charles G. Coyle	700
Richard I. Durrett	0
Bobby J. Green	3,400
Paul N. Hale, Jr.	250
Kerry M. Hawkins	3,200
Kenneth L. McManis	0
William H. Miller	2,900
Bobby E. Price	1,100
Bijan Sharafkhani	200
C. L. Jack Stelly	1,200
Morgan M. Watson	1,150
Joseph C. Wink, Jr.	1,450
	\$ 16,850

STATE OF LOUISIANA

(BTA)

SCHEDULE OF STATE FUNDING  
For the Year Ended \_\_\_\_\_  
(Fiscal Close)

**NOT APPLICABLE**

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
 \_\_\_\_\_, 20\_\_  
 (Fiscal Close)  
**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF NOTES PAYABLE**  
 \_\_\_\_\_, 20\_\_  
 (Fiscal close)  
**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF BONDS PAYABLE**  
 \_\_\_\_\_, 20\_\_\_\_  
 (Fiscal close)

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules



STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
 For The Year Ended \_\_\_\_\_  
 (Fiscal Close)

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --



STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION  
 NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
 Total	 \$ _____ -- =====	 \$ _____ -- =====

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
 For The Year Ended June 30, 20\_\_

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA

LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 983,347	\$ 1,068,615	\$ (85,268)	\$ (8.0%)
Expenses	1,163,406	1,120,077	43,329	3.9%
2) Capital assets	6,239	12,200	(5,961)	(48.9%)*
Long-term debt				
Net Assets	440,776	620,835	(180,059)	(29.0%)**

Explanation for change: \* Depreciation expense for 2003-04.

\*\* Change in net assets for 2003-04.

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 984,600	\$ 996,500	\$ 11,900	\$ 1.2%
Expenditures	1,073,850	1,221,530	147,680	^ 13.8%

Explanation of change: ^ Increase in professional services for computer consultant.

	<u>2004 Final Budget</u>	<u>2004 Actual Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	996,500	983,347	(13,153)	1.3%
Expenditures	1,221,530	1,163,406	58,124	4.8%

Explanation of change:

*Roy Chenevert*

CERTIFIED PUBLIC ACCOUNTANT

12605 S. HARRELLS FERRY ROAD, SUITE 5  
BATON ROUGE, LA 70816-2563

PHONE: (225) 292-1190  
FAX: (225) 292-1195  
EMAIL: ROYPC@BELLSOUTH.NET

MEMBER OF:

AMERICAN INSTITUTE OF CPAs  
AICPA PRIVATE COMPANIES PRACTICE SECTION  
SOCIETY OF LOUISIANA CPAs

To the Board Members of Louisiana Professional  
Engineering and Land Surveying Board

In planning and performing our audit of the financial statements of Louisiana Professional Engineering and Land Surveying Board for the year ended June 30, 2004, we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, we became aware of the following matters that are an opportunity for strengthening internal controls and operating efficiency. These comments do not affect our report dated August 13, 2004 on the financial statements of the Board.

#### Cafeteria Plan

We noted that the cafeteria plan offered by the Board to its employees includes medical reimbursements. The plan allows participants to obtain funds for medical bills before the monies are withheld from the employee's payroll. In instances where an employee quits before the monies are repaid to the Board, the amounts owed cannot be taken out of their final payroll check. At June 30, 2004, \$722 had been obtained by two employees before monies were withheld from their payroll. We recommend that the Board consider revising the plan to address this situation, or consider abolishing the medical reimbursements portion of the plan.

#### Ethics Policy

We noted that the Board has not adopted a formal ethics policy. We recommend that a formal ethics policy be adopted, and that all Board members and employees review and certify annually their compliance with such policy. If Board members and employees are aware of the policy and review it annually, then the risk of unknowingly violating the policy would be reduced.

This report is intended solely for the information and use of the Board and management of the Louisiana Professional Engineering and Land Surveying Board.

*Roy Chenevert, CPA*

Baton Rouge, Louisiana  
August 13, 2004

**Management's Corrective Action Plan and  
Response to the Findings and Recommendations**

Bijan Sharafkhani, P.E.  
Chairman

Bob J. Green, P.E.  
Vice Chairman

Kenneth L. McManis, Ph.D., P.E., P.L.S.  
Treasurer

Richard I. Durrett, P.E., P.L.S.  
Secretary

H. Glen Kent, Jr., P.L.S.  
Executive Secretary



Kerry M. Hawkins, P.E.

C. L. Jack Stelly, P.L.S.

Joseph C. Wink Jr., P.E.

William H. Miller, P.E., P.L.S.

Morgan M. Watson, P.E.

LOUISIANA PROFESSIONAL ENGINEERING AND LAND SURVEYING BOARD

August 24, 2004

Mr. Roy Chenevert, CPA  
12605 S. Harrells Ferry Road, Suite 5  
Baton Rouge, LA 70816-2563

RE: Letter from Roy Chenevert dated August 13, 2004

Dear Mr. Chenevert:

In response to your above referenced letter concerning strengthening internal controls and operating effectively the following is provided:

#### Cafeteria Plan

During the LAPELS audit of 2002, the auditors raised the issue of payments made to employees in advance of withholdings. The Board's CPA contacted Mr. Grover Austin, the then First Assistant Legislative Auditor who advised that federal law mandates that employees be allowed reimbursement in advance of withholdings. According to Mr. Grover, this supercedes the Louisiana rules against advances to employees; therefore, these advance reimbursements are allowed by law. Mr. Grover further indicated that some state agencies have had difficulties with employees who left service with reimbursements which exceeded withholdings and some of these agencies have chosen to no longer offer cafeteria plans for this reason. (see attachment)

During the LAPELS audit of 2003 the auditors again raised the issue of payments made to employees in advance of withholdings. The Board discussed this matter during the scheduled Board meeting on September 22, 2003. The Board agreed to continue the LAPELS Cafeteria Plan in its' current form. (see attachment)

We feel that the position of the Board has not changed since the action taken on September 22, 2003. However, the Board will again be made aware of this concern so that further action may be taken, if deemed appropriate.

#### Ethics

The Board has not adopted a fomal ethics policy because the Board and its employees are subject to the Louisiana Code of Governmental Ethics which supercedes any policies so established. This code can be found in the Louisiana Revised Statutes at Title 42, Chapter 15. However, the Board does note L.R.S. 42:1170 which provides as follows:



**§1170. Ethics education**

A. Each state agency shall designate at least one person who shall, with the assistance of the board, provide all public servants of that agency information relative to ethics and conflicts of interest concerning the following provisions: the Code of Governmental Ethics, the Campaign Finance Disclosure Act, the provisions of Part III of Chapter 1 of Title 24, relative to lobbying, the Louisiana Riverboat Economic Development and Gaming Control Act, the Louisiana Economic Development and Gaming Corporation Act, the Louisiana Lottery Corporation Law, and the Video Draw Poker Devices Control Law. The agency shall also provide instruction and information to such public servants intended to educate them about the particular ethics laws to which they are subject and the procedures by which such laws are enforced.

B. All agencies shall provide information about governmental ethics to those with whom they do business.

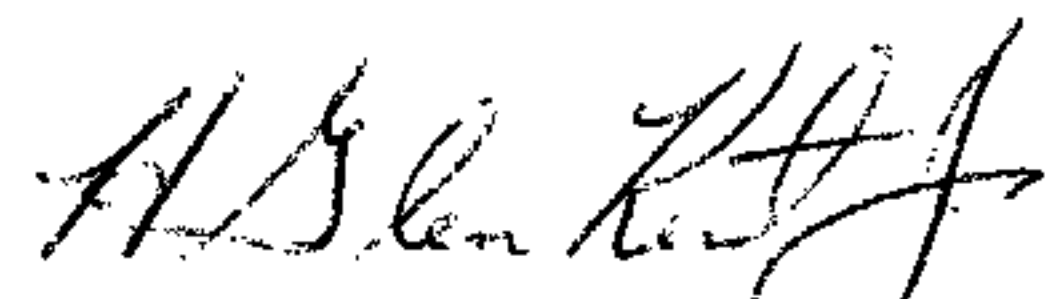
*Acts 1996, 1st Ex. Sess., No. 64, §6, eff. Jan. 1, 1997.*

Accordingly, a person will be designated to ensure compliance with §1170 as stated above.

I trust that this response is sufficient to address your concerns.

With kindest regards, I am

Very truly yours,



H. Glen Kent, Jr., P.L.S.  
Executive Secretary

HGK/cvf

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MEMORANDUM

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**TO:** JOHN RADFORD, LAPELS  
**FROM:** SUSAN LANIER, L.A. CHAMPAGNE & CO., LLC  
**SUBJECT:** BOARD MEALS  
**DATE:** 11/6/2002

---

Today I spoke to Grover Austin, the 1<sup>st</sup> Assistant Legislative Auditor. As I told you earlier, he appears to be the most authoritative source on appropriateness of expenses paid by the board. We discussed the three topics below, which you had questions or concerns about:

1. Fees for the administration of employee cafeteria plans -- per Mr. Grover, the board may cover these costs as long as they appear reasonable. He does, however, recommend that you note in your employee benefit manual that the board does pay this expense.
2. Reimbursements paid out of Section 125 cafeteria plans for child care or medical costs in advance of the withholdings for the year-to-date -- Federal law mandates that employees be allowed reimbursements in advance of withholdings. According to Mr. Grover, this supercedes the Louisiana rules against advances to employees; therefore, these advance reimbursements are allowed by law. Mr. Grover further indicated that some state agencies have had difficulties with employees who left service with reimbursements which exceeded withholdings and some of those agencies have chosen to no longer offer cafeteria plans for this reason. There is certainly no state rule disallowing them, however.
3. Costs of working lunches—Mr. Grover indicated that the information that I gave you in last week's memo is the correct approach to payment for special meals under current rules. He concurs that meals are allowed but are subject to semi-annual reporting. He also indicated that recent attorney general opinions suggest that these meals must be necessary for the public benefit. He suggests that these meals should not be provided at every meeting.

MINUTES OF THE REGULAR MEETING  
LOUISIANA PROFESSIONAL ENGINEERING  
AND LAND SURVEYING BOARD  
9643 BROOKLINE AVENUE, SUITE 121  
BATON ROUGE, LOUISIANA 70809-1433  
September 22-23, 2003

At 8:05 a.m. on September 22, 2003, the Chairman called the meeting to order at 9643 Brookline Avenue, Baton Rouge, Louisiana with the following members present:

Bijan Sharafkhani, P.E.	Chairman
William H. Miller, P.E., P.L.S.	Vice Chairman
Bobby J. Green, P.E.	Secretary
Richard I. Durrett, P.E., P.L.S.	Treasurer

Timothy J. Allen, P.L.S.  
Kerry M. Hawkins, P.E.  
Kenneth L. McManis, P.E., P.L.S.  
C. L. Jack Stelly, P.L.S.  
Morgan M. Watson, P.E.  
Joseph C. Wink, Jr., P.E.

Also present: Benjamin S. Harrison, Acting Executive Secretary  
Robert Eddleman, Acting Director of Enforcement  
Tony Huval, Deputy Executive Secretary  
D. Scott Landry, Board Attorney (September 23, 2003)

Absent: Paul N. Hale, PhD., P.E.

During the review of the Board's audit report, Mr. Huval explained to the Board the small but potential risk of the Board's Cafeteria Plan.