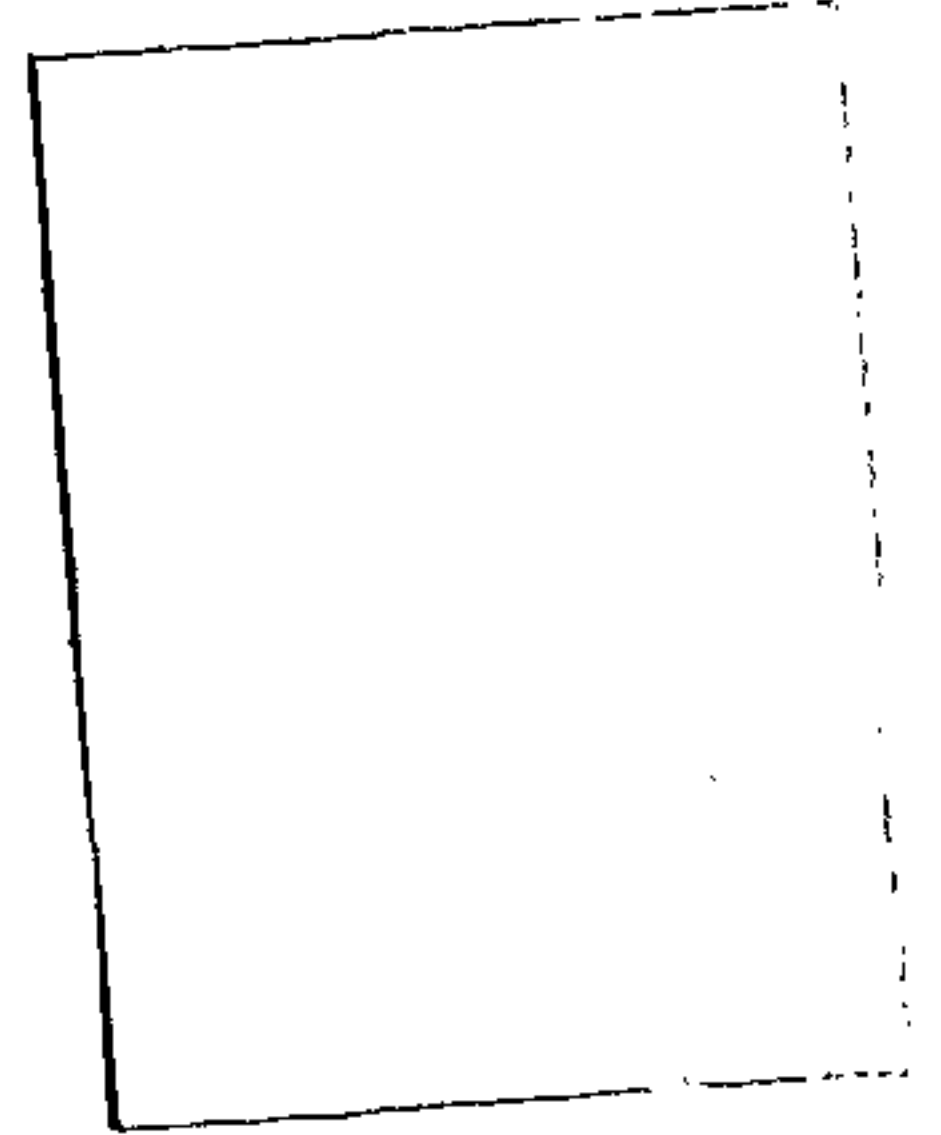


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LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC
SAFETY AND CORRECTIONS
STATE OF LOUISIANA

BASIC FINANCIAL STATEMENTS
TWO YEARS 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 STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA

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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

GLYNN R. DYER, CPA (APC)
ERIC J. VICKNAIR, CPA (APC)

FAX (225) 292-1041

INDEPENDENT AUDITORS' REPORT

Louisiana State Board of
Private Investigator Examiners
Department of Public Safety and Corrections
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA

a component unit of the State of Louisiana, as of and for the two years ended June 30, 2004, as listed in the table of contents. These basic financial statements are the responsibility of Louisiana State Board of Private Investigator Examiners' management. 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 the standards applicable to financial audits contained in *Governmental 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 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 Louisiana State Board of Private Investigator Examiners as of June 30, 2004, and the results of its operations and cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

(SEND ALL CORRESPONDENCE TO THE BATON ROUGE ADDRESS)

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(CERTIFIED PUBLIC ACCOUNTANTS)

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2004, on our consideration of Louisiana State Board of Private Investigator Examiners' internal control over financial reporting and our tests of its compliance with laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit

The management's discussion and analysis is not a required part of the basic financial statements but is supplemental information required by the Government Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally 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.

Our audit was made for the purpose of forming an opinion on the accompanying 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 Louisiana State Board of Investigator Examiners. Such information has been subjected to the auditing 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.

Baton Rouge, Louisiana
August 23, 2004

Dyer & Vicknair

REQUIRED SUPPLEMENTAL INFORMATION

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Louisiana State Board of Private Security Examiners' financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2004. Read it in conjunction with the Board's financial statements.

FINANCIAL HIGHLIGHTS

The Board's assets exceeded its liabilities by \$ 176,916 (net assets), which represents a 16% decrease from June 30, 2003.

Total net assets are comprised of the following:

1. Capital assets, net of related debt, of \$ 6,824
2. Unrestricted net assets of \$ 170,092 represent the portion available to maintain the Board's continuing obligations.

Total liabilities of \$ 28,600 are comprised of the following:

1. Current liabilities of \$ 16,310
2. Non-current liabilities of \$ 12,290

During the year, operating revenues increased by \$ 5,346 (or 2%) to \$ 251,813 and operating expenses decreased by \$ 21,038 (or 7%) to \$ 294,486 .

OVERVIEW OF THE FINANCIAL STATEMENTS

The Board is engaged only in business-type activities. The basic financial statements include enterprise fund financial statements, notes to the financial statements and additional information to supplement the basic financial statements.

Enterprise Fund Financial Statements

The Board's annual report includes three financial statements. These statements are prepared on the accrual basis of accounting which is similar to the accounting used by most private-sector companies.

The first of these financial statements is the Statement of Net Assets. This is the statement of position presenting information that includes all of the Board's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator if the Board's financial health is improving or deteriorating.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (continued)

The second financial statement is the Statement of Revenues, Expenses and Changes in Net Assets which reports how the Board's assets changed as a result of current year operations. All current year revenues and expenses are included regardless of when cash is received or paid.

The third financial statement is the Statement of Cash Flows which reports how cash changed as a result of current year operations.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

FINANCIAL ANALYSIS OF THE BOARD AS A WHOLE

The following provides a summary of the Board's changes in net assets.

	Year Ended June 30,	
	<u>2004</u>	<u>2003</u>
<u>Revenues</u>		
Operating revenues	\$ 251,813	\$ 246,467
Non-operating revenues	<u>8,920</u>	<u>8,771</u>
<u>Total revenues</u>	260,733	255,238
 <u>Expenses</u>		
Operating expenses	<u>294,486</u>	<u>315,524</u>
 Increase (decrease) in net assets	(34,253)	(60,286)
 Beginning net assets	<u>211,169</u>	<u>271,455</u>
 Ending net assets	<u>176,916</u>	<u>211,169</u>

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(continued)

BUDGETARY HIGHLIGHTS

The original budget was revised by approximately \$ 2,750 this year.

Revenues exceed budgetary estimates by \$ 13,683 and expenses exceeded budgetary estimates by \$ 5,336.

CAPITAL ASSETS

At June 30, 2004, the Board had \$ 6,824 invested in capital assets, net of accumulated depreciation. The Board's capital assets are comprised of office equipment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

For the year ending June 30, 2005, the Board approved a total budget of \$ 282,650, a 15% increase over the June 30, 2004 budget. Expenses are expected to decrease 4% to \$ 282,650 from \$ 294,486 in the year ended June 30, 2005.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and demonstrate the Board's commitment to public accountability. If you have any questions about this report, contact the Board's office at 2051 Silverside Drive, Suite 190, Baton Rouge, Louisiana 70808.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004

ASSETSCurrent assets

Cash and cash equivalents	\$ 64,089
Investments, at cost	128,204
Receivables - licenses	3,655
Accrued interest receivable	1,744
Prepaid expenses	<u>1,000</u>

Total current assets 198,692

Non-current assets

Capital assets	
Equipment	29,358
Less accumulated depreciation	<u>(22,534)</u>
<u>Net capital assets</u>	<u>6,824</u>

Total assets 205,516

LIABILITIESCurrent liabilities

Accounts payable	7,956
Accrued expenses	3,904
Deferred revenues	<u>4,450</u>

Total current liabilities 16,310

Non-current liabilities

Compensated absences payable	<u>12,290</u>
------------------------------	---------------

Total liabilities 28,600

NET ASSETS

Invested in capital assets, net of related debt	6,824
Unrestricted	<u>170,092</u>

Total net assets 176,916

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
TWO YEARS ENDED JUNE 30, 2004

	YEAR ENDED JUNE 30,	
	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Licenses and fees	\$ <u>251,813</u>	\$ <u>246,467</u>
<u>Total operating revenues</u>	<u>251,813</u>	<u>246,467</u>
<u>OPERATING EXPENSES</u>		
Personal services and related benefits	107,225	101,309
Operating services	74,162	83,312
Professional services	99,619	111,362
Materials and supplies	4,561	7,591
Travel	5,004	6,432
Depreciation	<u>3,915</u>	<u>5,518</u>
<u>Total operating expenses</u>	<u>294,486</u>	<u>315,524</u>
<u>Operating income (loss)</u>	<u>(42,673)</u>	<u>(69,057)</u>
<u>NON-OPERATING REVENUES EXPENSES</u>		
Investment earnings	<u>8,420</u>	<u>8,771</u>
<u>Change in net assets</u>	<u>(34,253)</u>	<u>(60,286)</u>
<u>TOTAL NET ASSETS, beginning of the year</u>	<u>211,169</u>	<u>271,455</u>
<u>TOTAL NET ASSETS, end of the year</u>	<u>176,916</u>	<u>211,169</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
TWO YEARS ENDED JUNE 30, 2004

	YEAR ENDED JUNE 30,	
	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING EXPENSES</u>		
Cash received from customers	\$ 252,224	\$ 246,731
Cash payments to suppliers for goods and services	(193,560)	(188,270)
Cash payments to employees for services	<u>(100,841)</u>	<u>(100,352)</u>
<u>Net cash provided by (used) operating activities</u>	<u>(42,177)</u>	<u>(41,891)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of capital assets	<u>-0-</u>	<u>(3,373)</u>
<u>CAPITAL FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investments	47,792	47,778
Interest received on cash and cash equivalents	<u>8,321</u>	<u>8,771</u>
<u>Net cash provided by investing activities</u>	<u>56,113</u>	<u>56,549</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	13,936	11,285
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>50,153</u>	<u>38,868</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>64,089</u>	<u>50,153</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating income (loss)	\$ (42,673)	\$ (69,057)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	3,915	5,518
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	360	830
(Increase) decrease in prepaid expenses	(734)	2,655
Increase (decrease) in accounts payable	(9,480)	15,971
Increase (decrease) in accrued expenses	1,529	303
Increase (decrease) in deferred revenues	50	(600)
Increase (decrease) in compensated absences	<u>4,856</u>	<u>2,489</u>
<u>Net cash used by operating activities</u>	<u>(42,177)</u>	<u>(41,891)</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004

INTRODUCTION

The Louisiana State Board of Private Investigator Examiners (the Board) is a component unit of the State of Louisiana created as provided by Louisiana Revised Statutes (R.S.) 37:3270-3298 within the Louisiana . The Board is composed of nine members appointed by the governor, who serve for five years. The Board is charged with reviewing credentials of applicants for licensure, licensing those candidates who meet qualifications, and investigating complaints. Operations of the Board are funded entirely through self-generated revenues.

NOTE #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of Louisiana State Board of Private Investigator Examiners have been prepared in conformity with accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

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

C. Method of Accounting

Statement No. 34 ("*Statement 34*") of the Government Accounting Standards Board "*Basic Financial Statements - and Management's*

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004
(continued)

Discussion and Analysis - for State and Local Governments," established standards for external financial reporting for all state and local government entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows. It requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and, unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets - This component of net asset consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

The financial statements of the Board are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board (GASB) Statement No. 20, the Board has elected not to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004

(continued)

D. Capital Assets

Capital assets, which includes equipment, are valued at historical cost. Repairs and maintenance are recorded as expenses.

Assets capitalized have an original cost of \$ 5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight line method. Estimated useful lives are follows:

Equipment	5 - 7 years
-----------	-------------

E. Encumbrances

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

F. Cash and Investments

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

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

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

G. Compensated Absences Payable

The Board accrues its liabilities for earned but unpaid vacation costs.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004
(continued)

H. Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Board. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

I. Statement of Cash Flows

For purposes of the statements of cash flows, the Board considers all currency, demand deposits and money market accounts with banks or other financial institutions to be cash equivalents.

NOTE #2: LEGAL COMPLIANCE - BUDGET

The Board adopts a budget for the year. Formal budget integration is employed as a management control device during the year. Although appropriations lapse at the end of the year, the Board returns its unexpended fund balance to fund expenditures of the succeeding year. Budgetary amendments require the approval of the Board. The budgeted amounts are not reflected in the financial statements.

NOTE #3: CASH AND CASH EQUIVALENTS

At June 30, 2004, the Board has cash (book balances) totaling \$ 64,089 invested in petty cash and non-interest bearing demand deposits. All of the Board's cash deposits are insured.

NOTE #4: INVESTMENTS

At June 30, 2004, the Board has investments consisting of a time certificate of deposit with an original maturity of over 90 days. The investment's cost and market value at June 30, 2004 are \$ 128,204 and \$129,948, respectively. This investment is insured or collateralized with securities held by the financial institution in the Board's name.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004
(continued)

This entire amount is insured or collateralized with securities held by the financial institution in the Board's name.

NOTE #5: CAPITAL ASSETS

Capital assets activity for the two years ended June 30, 2004 was as follows:

	Balance June 30 <u>2002</u>	<u>Additions</u>	<u>Retirements</u>	Balance June 30 <u>2003</u>	<u>Additions</u>	Balance June 30, <u>2004</u>
Equipment	\$ 28,012	\$ 3,373	\$ 2,027	\$ 29,358	\$ 0	\$ 29,358
Less:						
Accumulated depreciated	<u>(15,128)</u>	<u>(5,518)</u>	<u>2,027</u>	<u>(18,619)</u>	<u>(3,915)</u>	<u>(22,534)</u>
<u>Net capital assets</u>	<u>12,884</u>	<u>(2,145)</u>	<u>0</u>	<u>10,739</u>	<u>(3,915)</u>	<u>6,824</u>

NOTE #6: COMPENSATED ABSENCES PAYABLE

Non-current liabilities consist of compensated absences. The following is a summary of the long-term obligation transactions for the two years ended June 30, 2004.

Balance, June 30, 2002	\$ 4,945
Increase in liability	<u>2,489</u>
Balance, June 30, 2003	7,434
Increase in liability	<u>4,856</u>
Balance, June 30, 2004	<u>12,290</u>

NOTE # 7 RETIREMENT SYSTEM

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

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004
(continued)

Contributions of participating agencies are pooled within the System to fund accrued benefits, with contribution rates approved by Louisiana.

All full-time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees may retire at a.) any age with thirty years of service; b.) age 55 with twenty five years of service; or, c.) at age 60 with ten years of service. The System also provides death and disability benefits. Benefits are established by state statute. The System issues stand-alone financial statements that may be obtained at Post Office Box 44213, Baton Rouge, LA 70804.

In addition to the employee contributions of 7.5 percent of gross salary, the Board contributes an additional 15.8 percent of gross salary to the System. Employer contributions to the System were \$ 4,681, \$ 5,461 and \$ 5,544 respectively, for the years ended June 30, 2004, 2003, and 2002. Under present statutes, the Board does not guarantee any of the benefits of the System.

NOTE #8: DEFERRED COMPENSATION PLAN

One employee of the Board participates in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804.

NOTE #9: LEASE

The Board leases office space for \$ 2,405 per month. This lease is considered for accounting purposes to be an operating lease which expires December 31, 2004.

The total lease expense included in the accompanying basic financial statements for the years ended June 30, 2004 and 2003, were \$ 28,860 and \$ 28,860, respectively.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
TWO YEARS ENDED JUNE 30, 2004
(continued)

Future minimum lease payments for this lease are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Amount</u>
2005	\$ 14,430

NOTE #10: LITIGATION

The Board is a defendant in a lawsuit which should be fully covered by insurance.

NOTE #11: POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board has no retired employees receiving post-retirement health care and life insurance benefits.

NOTE #12: BOARD MEMBERS' PER DIEM

The Board members are not paid a per diem for performing Board duties.

NOTE #13: OTHER MATTER

During the year ended June 30, 2004, the State of Louisiana Legislative Auditor conducted an investigation and found that a Board member received \$ 325 expense reimbursement from the Board by submitting false hotel receipts. This Board member has reimbursed \$ 325 to the Board.

DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Louisiana State Board of Private Investigator Examiners
Department of Public Safety and Corrections
State of Louisiana
Baton Rouge, Louisiana

We have audited the basic financial statements of

LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA

as of and for the two years ended June 30, 2004, and have issued our report thereon dated August 23, 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 Louisiana State Board of Private Investigator Examiners' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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*.

(SEND ALL CORRESPONDENCE TO THE BATON ROUGE ADDRESS)

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana State Board of Private Investigator Examiners' 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 on 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 basic 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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. By provision of state law, this report is a public document and it has been distributed to appropriate public officials.

There was a comment concerning compliance or internal control noted in the audit for the two years ended June 30, 2002 and this comment is addressed in the Summary of Prior Audit Findings.

Baton Rouge, Louisiana
August 23, 2004

Dyer & Vicknair

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
SUMMARY OF AUDIT FINDINGS
TWO YEARS ENDED JUNE 30, 2004

SUMMARY OF AUDITORS' REPORT

An unqualified opinion was issued on the basic financial statements for the two years ended June 30, 2004.

REPORT ON INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

No reportable conditions were disclosed by our audit.

No material noncompliance was disclosed by our audit.

No material findings were disclosed by our audit.

MANAGEMENT LETTER

A management letter was not issued as part of this audit.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA
SUMMARY OF PRIOR AUDIT FINDINGS
TWO YEARS ENDED JUNE 30, 2004

FINDING: It was noted during the audit for the two years ended June 30, 2002, that the Board paid mileage allowance to a Board member which may not have been Board-related.

DISPOSITION: Resolved. The Board determined that the travel in question was undertaken for appropriate Board business.

LOUISIANA STATE BOARD OF
PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
STATE OF LOUISIANA

ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,
DIVISION OF ADMINISTRATION OFFICE OF STATEWIDE REPORTING
AND ACCOUNTING POLICY AS OF AND FOR
THE YEAR ENDED JUNE 30, 2004

The following supplemental information presents the financial position of Louisiana State Board of Private Investigator Examiners as of June 30, 2004, and the results of its operations for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Fiscal Report.

BOARD OF PRIVATE INVESTIGATOR EXAMINERS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

C O N T E N T S

AFFIDAVIT

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

BOARD OF PRIVATE INVESTIGATOR EXAMINERS

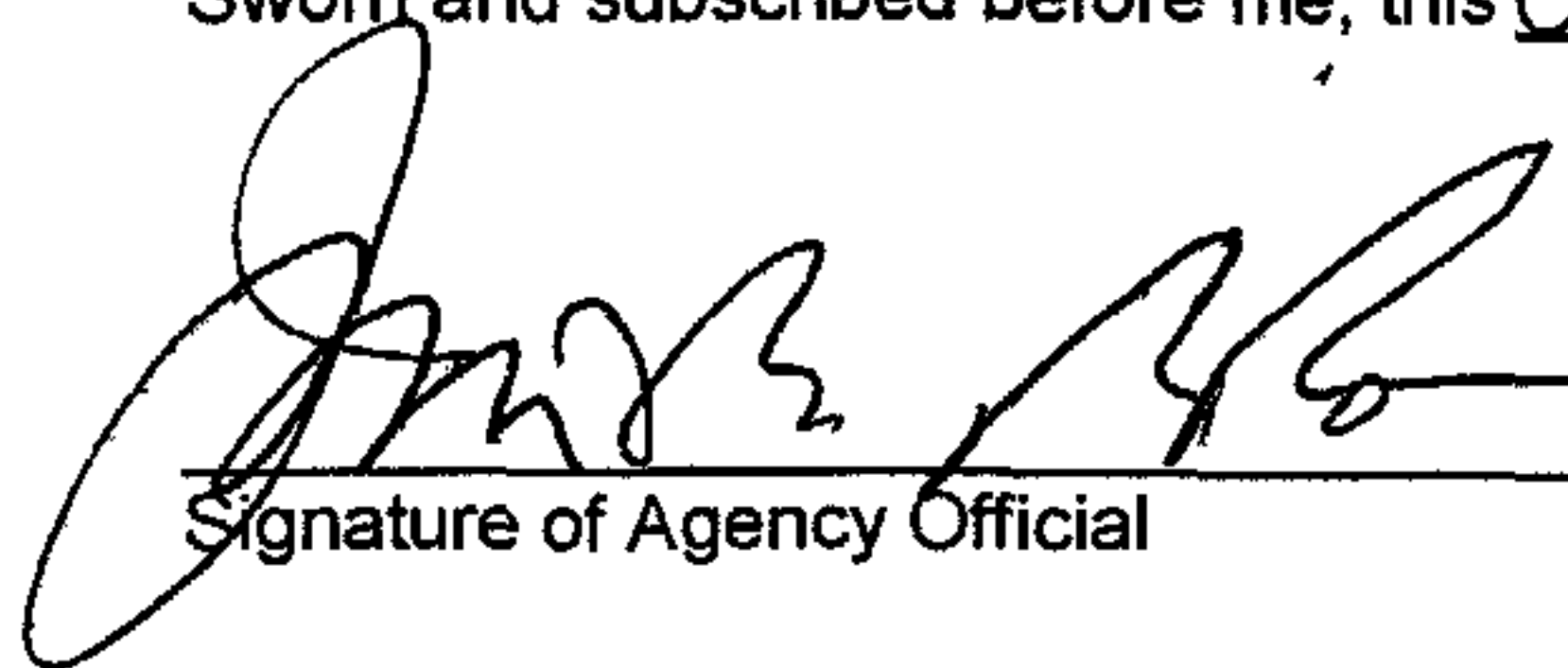
Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jim Brown, Executive Director of the Board of Private Investigator Examiners, who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Board of Private Investigator Examiners at June 30, 04 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 25th day of August, 2004.



Signature of Agency Official



NOTARY PUBLIC



Prepared by: Sharon Collier

Title: Certified Public Accountant

Telephone No.: 225-763-6006

Date: August 26, 2004

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
BALANCE SHEET
AS OF June 30, 2004**

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note C1)	\$	192,293
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		3,655
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		1,000
Notes receivable		
Other current assets (Accrued Interest)		1,744
Total current assets		198,692
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		6,824
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		
Total assets	\$	205,516
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	\$	11,860
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		4,450
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)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		16,310
NON-CURRENT LIABILITIES:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		12,290
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		12,290
Total liabilities		28,600
NET ASSETS		
Invested in capital assets, net of related debt		6,824
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		170,092
Total net assets		176,916
Total liabilities and net assets	\$	205,516

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

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Sales of commodities and services	\$
Assessments	<u>24,226</u>
Use of money and property	
Licenses, permits, and fees	<u>227,587</u>
Other	
Total operating revenues	<u>251,813</u>
OPERATING EXPENSES	
Cost of sales and services	
Administrative	<u>290,571</u>
Depreciation	<u>3,915</u>
Amortization	
Total operating expenses	<u>294,486</u>
Operating income(loss)	<u>(42,673)</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	<u>8,420</u>
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	
Total non-operating revenues(expenses)	<u>8,420</u>
Income(loss) before contributions and transfers	<u>(34,253)</u>
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	<u>(34,253)</u>
Total net assets – beginning as restated	<u>211,169</u>
Total net assets – ending	<u>\$ 176,916</u>

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

Statement B

STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
BTA	\$ 294,486	\$ 251,813	\$	\$	\$ (42,673)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					8,420
Miscellaneous					
Special items					
Transfers					
Total general revenues, special items, and transfers					8,420
Change in net assets					(34,253)
Net assets - beginning					211,169
Net assets - ending					\$ 176,916

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004**

Cash flows from operating activities

Cash received from customers	\$ 252,224	
Cash payments to suppliers for goods and services	(193,560)	
Cash payments to employees for services	(100,841)	
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		<u>(42,177)</u>

Cash flows from non-capital financing activities

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		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		<u>-</u>

Cash flows from capital and related financing

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		<u>-</u>

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on CD's	8,348	
Net cash provided(used) by investing activities		<u>8,348</u>

Net increase(decrease) in cash and cash equivalents		<u>(33,829)</u>
Cash and cash equivalents at beginning of year		<u>226,122</u>
Cash and cash equivalents at end of year	\$	<u><u>192,293</u></u>

STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>(42,673)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>3,915</u>	
Provision for uncollectible accounts	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>360</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u>(734)</u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>(9,480)</u>	
Increase(decrease) in accrued payroll and related benefits	<u>1,529</u>	
Increase(decrease) in compensated absences payable	<u>4,856</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u>50</u>	
Increase(decrease) in other liabilities	<u> </u>	
 Net cash provided(used) by operating activities		 \$ <u><u>(42,177)</u></u>

Schedule of noncash investing, capital, and financing activities:

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

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

INTRODUCTION

The Board of Private Investigator Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:3501 et sec. The following is a brief description of the operations of the Board of Private Investigator Examiners 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 of Private Investigator Examiners 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 of Private Investigator Examiners 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 of Private Investigator Examiners 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 includes the original appropriation plus subsequent amendments as follows:

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>286,400</u>
Amendments:	<u>2,750</u>
Final approved budget	\$ <u><u>289,150</u></u>

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 of Private Investigator Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board 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, savings accounts or shares of savings and loan associations and savings banks, and 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 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.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004
 The deposits at June 30, 2004, consisted of the following:**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>63,989</u>	\$ <u>128,204</u>	\$ _____	\$ <u>192,193</u>
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 held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	-
Total Category 3 bank balances	\$ _____	\$ _____	\$ _____	\$ _____
Total bank balances (All categories including category 3 reported above)	\$ <u>73,110</u>	\$ <u>128,204</u>	\$ _____	\$ <u>201,314</u>

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:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Bank One Business Checking</u>	<u># 000007900694657</u>	\$ <u>71,469</u>
2. <u>Bank One Basic Business Checking</u>	<u># 000007900535885</u>	<u>1,641</u>
3. <u>Hibernia</u>	<u>Cert. of Deposit # 524816</u>	<u>128,204</u>
4. _____	_____	_____
Total		\$ <u>201,314</u>

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	\$ _____
Petty cash	\$ <u>100.00</u>

2. INVESTMENTS (NOT APPLICABLE)

The Board of Private Investigative Examiners does not maintain investment accounts.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

Investments can be classified according to the level of risk to the entity. Using the following categories, list each type of investment disclosing the carrying amount, market value, and applicable category of risk. Beginning with fiscal year ending June 30, 2004, only risk category 3 has to be broken out separately. However, the total reported amount and fair value columns still must be reported for total investments (including category 3).

Category 1 - Insured or registered in the entity's name, or securities held by the entity or its agent in the entity's name. (separate disclosure no longer required)

Category 2 - Uninsured and unregistered with securities held by the counterparty's trust department or agent in the entity's name. (separate disclosure no longer required)

Category 3 - Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. (separate disclosure still required)

NOTE: GASB Statement 40 requires investments to be listed by type, and whether any of those are category 3 investments. If so, those category 3 investments are reported in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

<u>Type of Investment</u>	<u>Amount Reported in Risk</u>		<u>Total Reported Amount - All Categories (Including Category 3)</u>	<u>Total Fair Value - All Categories (Including Category 3)</u>
	<u>Category 3, if Any:</u>			
	<u>Held by Counterparty</u>	<u>Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>		
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
NOT APPLICABLE	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

The institution does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risks from these investments is **NOT APPLICABLE:**
 credit risk _____
 market risk _____
 legal risk _____

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

3. Other Disclosures Required for Investments (NOT APPLICABLE)

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 - 1. Carrying amount and market value at June 30 of securities to be resold _____
 - 2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet _____

Legal or Contractual Provisions for Reverse Repurchase Agreements (NOT APPLICABLE)

- g. Source of legal or contractual authorization for use of reverse repurchase agreements _____
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year _____

Reverse Repurchase Agreements at Year-End (NOT APPLICABLE)

- i. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest _____
- j. Commitments on _____ (fiscal close), to repurchase securities under yield maintenance agreements _____
- k. Market value on _____ (fiscal close), of the securities to be repurchased _____
- l. Description of the terms of the agreements to repurchase _____
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements _____

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement _____

Fair Value Disclosures (NOT APPLICABLE)

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices _____
- p. Basis for determining which investments, if any, are reported at amortized cost _____
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool _____
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares _____
- s. Any involuntary participation in an external investment pool _____
- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate _____
- u. Any income from investments associated with one fund that is assigned to another fund _____

Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures

- v. Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact. _____
- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments _____
- x. List the fair value and terms of any debt investments that re highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.) _____
- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount). _____
- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by one of the following 5 methods: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.) _____

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

- aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE 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 6/30/2003	Prior Period Adjustment	Adjusted Balance 6/30/2003	Additions	Transfers*	Retirements	Balance 6/30/2004
Capital assets not being depreciated							
Land		--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets							
Furniture, fixtures, and equipment	29,358	--	29,358	--	29,358	--	29,358
Less accumulated depreciation	(18,619)	--	(18,619)	(3,915)	(22,534)	--	(22,534)
Total furniture, fixtures, and equipment	10,739	--	10,739	(3,915)	6,824	--	6,824
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total Infrastructure	--	--	--	--	--	--	--
Total other capital assets	10,739	--	10,739	(3,915)	6,824	--	6,824
Capital Asset Summary:							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	29,358	--	29,358	--	29,358	--	29,358
Total cost of capital assets	29,358	--	29,358	--	29,358	--	29,358
Less accumulated depreciation	(18,619)	--	(18,619)	(3,915)	(22,534)	--	(22,534)
Capital assets, net	10,739	--	10,739	(3,915)	6,824	--	6,824

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

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E. INVENTORIES (NOT APPLICABLE)

The Board of Private Investigator Examiners has no inventories **NOTE: Do not include postage. This must be shown as a prepayment.**

F. RESTRICTED ASSETS (NOT APPLICABLE)

The Board of Private investigator Examiners has no restricted assets at June 30, 2004.

G. LEAVE

1. COMPENSATED ABSENCES

The Board of Private Investigator Examiners has the following policy on annual and sick leave: (Describe leave policy.)

An example disclosure follows:

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 \$ -0-. The leave payable is not recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

One of the employees of the Board of Private Investigator Examiners is a member of the LASERS 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 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.

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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 Board of Private Investigator Examiners 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 Board's contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$4,681, \$5,461, and \$5,544, respectively, equal to the required contributions for each year.

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 Board of Private Investigator Examiners 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 Board. For 2004, the cost of providing those benefits for the -0- retirees totaled \$ NONE.

The Board of Private Investigator Examiners has no 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 these benefits (Board's portion of premiums) as an expenditure when paid during the year, which was \$ -0- for the year ended June 30, 2004. The cost of providing those benefits for retirees is not separable from the cost of providing benefits for the 3 active employees. (or, The (BTA)'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, 2004 the costs of -0- retiree benefits totaled \$ NONE).

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J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2004 amounted to \$28,860. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010-2014</u>	<u>FY2015-2019</u>
Office Space	\$ 14,430						
Total	\$ 14,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

2. CAPITAL LEASES (NOT APPLICABLE)

Capital leases are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ -	\$ -	\$ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

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NOT APPLICABLE

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF (NOT APPLICABLE)

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

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SCHEDULE C – LEAF CAPITAL LEASES

NOT APPLICABLE	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of <u>lease</u>	Remaining principal to end of <u>lease</u>
<u>Nature of lease</u>			
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ -

3. LESSOR DIRECT FINANCING LEASES (NOT APPLICABLE)

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

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Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining Principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		-		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		-		
Less: Estimated Residual Value of Leased Property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

4. LESSOR – OPERATING LEASE (NOT APPLICABLE)

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

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Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

NOT APPLICABLE	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year):

Year Ended June 30,	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____	\$ -
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
2020-2024					-
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ -

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

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, <u>2003</u>	<u>Year ended June 30, 2004</u>		Balance June 30, <u>2004</u>	Amounts due within <u>one year</u>
		<u>Additions</u>	<u>Reductions</u>		
Bonds and notes payable:					
Notes payable	\$ _____	\$ _____	\$ _____	\$ --	\$ _____
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	7,434	7,579	2,723	12,290	
Capital lease obligations				--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	7,434	7,579	2,723	12,290	--
Total long-term liabilities	7,434	7,579	2,723	12,290	--

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A detailed summary, by issues, of all debt outstanding at June 30, 2004, IS NOT APPLICABLE.
 (Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. LITIGATION

1. The Board of Private Investigator Examiners is a defendant in litigation seeking damages as follows:

<u>Date of Action</u>	<u>Probable outcome (remote, reasonably possible or probable)</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
<u>07/23/03</u>	<u>N. Estiverne filed for unspecified damages; Middle Dist. Of La.</u>	<u>A.C. Castaing</u>	<u>\$ unspecified</u>	<u>\$ fully covered</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Totals			\$ _____	\$ _____

The Board's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements or is unable to estimate the effect on the financial statement:

2. Claims and litigation costs of an estimated \$4,000 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS (NOT APPLICABLE)

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions).

NONE

N. ACCOUNTING CHANGES (NOT APPLICABLE)

No changes were made during the year involving a change in accounting principle, estimate, error or entity.

O. IN-KIND CONTRIBUTIONS (NOT APPLICABLE)

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(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
	\$ _____
NONE	
Total	\$ <u>NONE</u>

P. DEFEASED ISSUES (NOT APPLICABLE)

The Board of Private Investigator Examiners has not issued taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$ _____, plus an additional \$ _____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$ _____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of \$ _____).

Q. COOPERATIVE ENDEAVORS (NOT APPLICABLE)

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

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Short-term debt activity for the year ended June 30, 20__, was as follows:

List the type of S-T debt (e.g., tax anticipation notes):	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____

The _____ (BTA) uses a revolving line of credit for the following purposes: _____ . Short-term debt activity for the year ended June 30, 20__, was as follows:

	Beginning Balance	Draws	Redeemed	Ending Balance
Line of credit	\$ _____	\$ _____	\$ _____	\$ _____

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2004, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
License Fees Renewals & Late Fees	\$ 3,655.00	\$ _____	\$ _____	\$ _____	\$ 3,655.00
Gross receivables	\$ 3,655.00	\$ -	\$ -	\$ -	\$ 3,655.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 3,655.00	\$ -	\$ -	\$ -	\$ 3,655.00

Amounts not scheduled
for collection during the
subsequent year

\$ -	\$ -	\$ -	\$ -	\$ -
------	------	------	------	------

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 7,956	\$ 3,904	\$ _____	\$ _____	\$ 11,860
Total payables	\$ 7,956	\$ 3,904	\$ -	\$ -	\$ 11,860

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W. SUBSEQUENT EVENTS (none applicable)

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

X. SEGMENT INFORMATION (not applicable)

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____

A. Condensed Balance Sheet:

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance Sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.

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- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

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Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ <u>NONE</u>

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ <u>NONE</u>

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ <u>NONE</u>

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ <u>NONE</u>

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS (NONE)

No adjustments were made to restate beginning net assets for June 30, 2004.

Fund balance July 1, 2003, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003, <u>As restated</u>
\$ _____	\$ _____	\$ --
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--
_____	_____	--

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20__, previously reported, must correspond to Net Assets at June 30, 20__, per the information received from OSRAP.)

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2004**

<u>Name</u>	<u>Amount</u>
<u>No per diem payments are made to Board Members</u>	\$ <u>0</u>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
	\$ <u><u> </u></u>

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS**

**SCHEDULE OF STATE FUNDING
For the Year Ended June 30, 2004**

<u>Description of Funding</u>	<u>Amount</u>
1. <u>None - Not Applicable</u>	\$ <u>0</u>
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ <u> </u>

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 June 30, 2004**

(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
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

*Send copies of new amortization schedules

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF NOTES PAYABLE
 June 30, 2004**

(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
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>		<u>\$ <u>0</u></u>

*Send copies of new amortization schedules

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2004**

(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
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>		<u>\$ _____</u>

*Send copies of new amortization schedules

STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
For The Year Ended June 30, 2004

(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
BOARD OF PRIVATE INVESTIGATOR EXAMINERS)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2004

(NOT APPLICABLE)

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

STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2004

(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	 \$ <u>NONE</u>	 \$ <u>NONE</u>

NON GAAP BASIS
JUNE 30, 2004

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/04	Revised Budget	Variance Positive/(Negative)
Operating Revenues:					
Intergovernmental Revenues	\$		\$	\$	-
Sales of Commodities and Services					-
Licenses, permits, fees & assessments					-
Total Operating revenues					-
Operating Expenses:					
Personal services	\$		\$	\$	-
Travel					-
Operating Services					-
Supplies					-
Professional services					-
Capital outlay					-
Interagency transfers					-
Other charges					-
Total Operating Expenses					-
Nonoperating Expenses:					
Use of Money and Property					-
Gain (Loss) on Disposal of Fixed Assets					-
Federal Grants					-
Interest Expense					-
Other					-
Total Nonoperating Expenses					-
Capital Contributions					-
Operating Transfers In					-
Operating Transfers Out					-
Change in Net Assets	\$		\$	\$	-

STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2004

Budgeted Income (Loss)	\$ _____
Reconciling items:	
Cash carryover	_____
Depreciation	_____
Payroll accrual	_____
Compensated absences adjustment	_____
Capital outlay	_____
Change in inventory	_____
Bad debts expense	_____ -
Prepaid expenses	_____
Principal payment	_____ -
Loan Principal Repayments included in Revenue	_____ -
Loan Disbursements included in Expenses	_____ -
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ _____ -

Concluded

STATE OF LOUISIANA

BOARD OF PRIVATE INVESTIGATOR EXAMINERS

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	\$ 260,233	\$ 255,238	\$ 4,995	\$ + 2%
Expenses	294,286	315,524	-21,238	- 7%
2) Capital assets	6,824	10,739	-3,915	- 4%
Long-term debt				
Net Assets	176,916	211,169	-34,253	- 16%

Explanation for change: Net Assets of the Board decreased by 16% from the prior year because the Board used assets accumulated in prior years to fund the operating deficit incurred in the current year.

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ 261,000	\$ 246,550	\$ -14,550	\$ - 6%
Expenditures	286,400	289,150	2,750	+ 1%

Explanation of change: _____

	<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	246,550	260,233	13,683	+ 6%
Expenditures	289,150	294,486	5,336	< 1%

Explanation of change: _____

Information for Note C "Deposits with Financial Institutions and Investments"
(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. **GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:**

1) modified the custodial credit risk disclosures of Statement 3 for deposits to limit the required disclosure to only category 3, thus eliminating the disclosures of category 1 and 2 deposits.

2) modified the custodial credit risk disclosures of Statement 3 for investments to limit the required disclosure to only category 3, thus eliminating the disclosures of category 1 and 2 investments.

3) established or modified disclosure requirements related to investment risks for concentrations of credit risk and interest rate risk (disclosures of investments that have fair values that are highly sensitive to changes in interest rates).

4) established disclosure requirements for foreign currency risks for both deposits and investments.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- "Deposits with Financial Institutions" and "Investments" in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, "Deposits" in Note C may come from several line items on the balance sheet such as "Cash in Bank" and "CD's", or even "Investments" (See section II below that gives further guidance on what should be considered "Deposits" in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be listed separately from the deposits.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. "Deposits with Financial Institutions" section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits With Financial Institutions" (See A. for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD's. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be separate line items.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures.

(**Negotiable CDs** are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. “Investments” section of Note C:

- Following GASB Statement 3 requirements, investments (listed by type) were either “categorized as to level of credit risk” or “not categorized”, and were generally classified by whether they fit the definition of securities or not (see the definition of securities in section IV.C.). GASB Statement 40 has eliminated the requirement to disclose investments by the 3 categories and classified or non-classified. Now investments are simply listed by type and if any category 3 investments exist, that fact would be disclosed in a paragraph form.
- **Types of investments for listing investments by type definitions/examples:**
 1. **Repurchase Agreements** – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower): the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 2. **U.S. Government Obligations** – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
 3. **Common & Preferred Stock** – a security that represents an ownership interest in an entity.
 4. **Commercial Paper (mortgages, notes, etc.)** – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
 5. **Corporate Bonds**
 6. **Other (identify)** – It is not appropriate to present material amounts of investments as “Other”, unless the note disclosure describes the composition of the “Other” category. The following are examples of other investments:
 - a. **Closed-end Mutual Fund** – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
 - b. **Open-end Mutual Funds** – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.

c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.

d. Investments in pools managed by another government – GASB 3 does not require the investment to be categorized as to level of risk, but it does not prohibit it either. Generally, these investments would not be categorized because they are not evidenced by securities that exist in physical or book entry form.

e. Private placements, such as venture capital and limited partnerships

f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly **credit risk, market risk, interest rate risk, and foreign currency risk.**

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk – defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk – defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk – defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk – defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Risk Disclosures for Deposits:

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

Collateral – Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized – When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

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.

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.

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.

GASB Statement 40 has eliminated the requirement to disclose category 1 and 2 deposits. Only any category 3 deposits are now required to be disclosed. If an entity has deposits exposed to custodial credit risk Category 3, it should disclose:

1. the amount of those balances,
2. the fact that they are uninsured, and
3. whether the balances are either:
 - a. Uncollateralized,
 - b. Collateralized with securities held by the pledging financial institution, or
 - c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name.

B. Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

Category 1 – Investments that are insured (SIPC) or registered in the entity's name, or securities held by the entity or agent in the entity's name.

Category 2 – Investments that are not insured or registered, and the securities are held by the counterparty's trust department or agent in the entity's name.

Category 3 – Investments that are not insured or registered, and the securities are held by the counterparty or its trust department or agent not in the entity's name.

GASB Statement 40 has eliminated the requirement to disclose investments by the 3 categories and classified or non-classified. Now investments are simply listed by type and if any category 3 investments exist, that fact would be disclosed in a paragraph form.

Additional Risk Disclosures for Investments:

C. Securities as applied to the credit risk categories :

Securities – a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

(These instruments or investments would therefore not be categorized as to credit risk for GASB 3 disclosure requirements)

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts
- g. guaranteed investment contracts