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STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

COMPONENT UNIT
FINANCIAL STATEMENTS

For the Year Ended June 30, 1997

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

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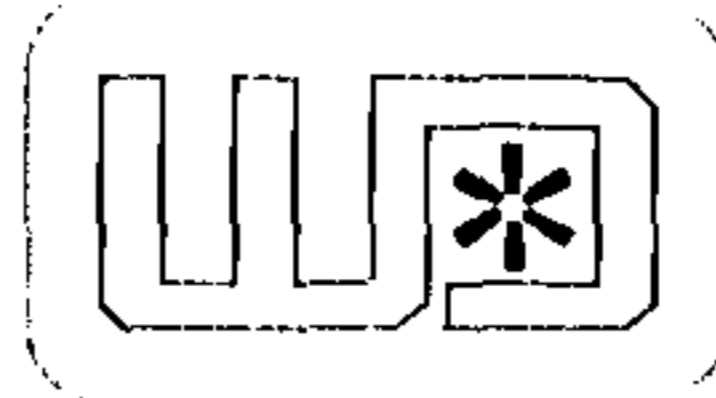
Legislative Auditor

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR
NEW ORLEANS, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

To the Board Members
State Plumbing Board of Louisiana
Department of Labor
New Orleans, Louisiana

We have audited the accompanying financial statements of the State Plumbing Board of Louisiana, a component unit of the State of Louisiana, as of June 30, 1997 and for the year then ended as listed in the table of contents. These component unit financial statements are the responsibility of the State Plumbing Board of Louisiana's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the State Plumbing Board of Louisiana as of June 30, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the State Plumbing Board of Louisiana. Such information, has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated August 11, 1997, on our consideration of the State Plumbing Board of Louisiana's internal control structure and a report dated August 11, 1997, on its compliance with laws and regulations.

August 11, 1997

Wegmann-Dazet & Co.

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1997

ASSETS

	Account Groups			Total (Memorandum Only)
	Governmental Fund <u>General Fund</u>	General Fixed <u>Assets</u>	General Long-term <u>Obligations</u>	
Cash and cash equivalents	\$382,446	\$ -	\$ -	\$382,446
Accounts receivable	1,353	-	-	1,353
Prepaid expenses	4,077	-	-	4,077
Fixed assets	-	85,811	-	85,811
Amount to be provided for retirement of general long-term obligations	-	-	15,782	15,782
Total Assets	<u>\$387,876</u>	<u>\$85,811</u>	<u>\$15,782</u>	<u>\$489,469</u>

LIABILITIES

Accounts payable	\$ 131	\$ -	\$ -	\$ 131
Deferred revenue	16,795	-	-	16,795
Accrued expenses	7,875	-	-	7,875
Long-term obligations payable	-	-	15,782	15,782
Total Liabilities	<u>24,801</u>	<u>-</u>	<u>15,782</u>	<u>40,583</u>

FUND EQUITY

Investments in general fixed assets	-	85,811	-	85,811
Fund balance - unreserved - undesignated	<u>363,075</u>	<u>-</u>	<u>-</u>	<u>363,075</u>
Total Fund Equity	<u>363,075</u>	<u>85,811</u>	<u>-</u>	<u>448,886</u>
Total Liabilities and Fund Equity	<u>\$387,876</u>	<u>\$85,811</u>	<u>\$15,782</u>	<u>\$489,469</u>

See accompanying Notes to Financial Statements.

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND - GENERAL FUND

Year Ended June 30, 1997

Revenues:

License renewals:	
Current year	\$313,960
Prior year	6,350
Revivals	15,880
Examination fees	71,155
Enforcement fees	25,190
Interest earned	19,325
Temporary permits	3,250
Other	<u>3,323</u>
 Total Revenues	 <u>458,433</u>

Expenditures:

Public safety - other protection	
Examination of licensed occupations:	
Personal services and related benefits	290,444
Operating services	124,683
Materials and supplies	9,658
Travel and other charges	41,820
Capital outlay - property and equipment	9,167
Other	<u>4,650</u>
 Total Expenditures	 <u>480,422</u>
 Excess of expenditures over revenues	 (21,989)
Fund balance:	
Beginning of year	<u>385,064</u>
 End of year	 <u>\$363,075</u>

See accompanying Notes to Financial Statements.

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (BUDGETARY BASIS - CASH) AND ACTUAL
GOVERNMENTAL FUND - GENERAL FUND

Year Ended June 30, 1997

	<u>Actual</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
License renewals:					
Current year	\$313,960	\$ (30)	\$313,930	\$336,700	\$(22,770)
Prior year	6,350	-	6,350	6,810	(460)
Revivals	15,880	240	16,120	17,290	(1,170)
Examination fees	71,155	1,220	72,375	60,000	12,375
Enforcement actions	25,190	-	25,190	19,000	6,190
Miscellaneous	<u>25,898</u>	<u>(963)</u>	<u>24,935</u>	<u>28,300</u>	<u>(3,365)</u>
Total Revenues	<u>458,433</u>	<u>467</u>	<u>458,900</u>	<u>468,100</u>	<u>(9,200)</u>
Expenditures:					
Public safety - other protection					
Examination of licensed occupations:					
Personal services and related					
benefits	290,444	(5,987)	284,457	326,700	42,243
Operating services	124,683	(3,946)	120,737	173,100	52,363
Materials and supplies	9,658	-	9,658	18,000	8,342
Travel and other charges	41,820	-	41,820	47,000	5,180
Capital outlay - property and					
equipment	9,167	-	9,167	6,000	(3,167)
Other	<u>4,650</u>	<u>-</u>	<u>4,650</u>	<u>2,500</u>	<u>(2,150)</u>
Total Expenditures	<u>480,422</u>	<u>(9,933)</u>	<u>470,489</u>	<u>573,300</u>	<u>102,811</u>
Excess of expenditures over					
revenues	(21,989)	10,400	(11,589)	<u>\$(105,200)</u>	<u>\$ 93,611</u>
Fund balance:					
Beginning of year	<u>385,064</u>	<u>-</u>	<u>385,064</u>		
End of year	<u>\$363,075</u>	<u>\$10,400</u>	<u>\$373,475</u>		

See accompanying Notes to Financial Statements.

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

1) Summary of significant accounting policies.

The State Plumbing Board of Louisiana is a component unit of the State of Louisiana created within the Louisiana Department of Labor, formerly Department of Employment and Training, as provided by Louisiana Revised Statutes 37:1361-1380. The Board is composed of eight members, appointed by the governor, who serve six year terms. The Board is charged with the responsibility of licensing and regulating the practice of plumbing in the State of Louisiana. Operations of the Board are funded entirely through self-generated revenues.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards for state and local governmental entities. In June 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. 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.

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the Board members and public service is rendered within the State's boundaries. The accompanying component unit financial statements present information only as to the transactions of the State Plumbing Board of Louisiana, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration - Office of Statewide Reporting and Accounting Policy and are audited by the Louisiana Legislative Auditor.

(a) Fund accounting

The accounts of the Board are organized on the basis of a fund (General Fund) and account groups, each of which is considered a separate accounting entity. The operations of the General Fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. The General Fund is the general operating fund of the Board and accounts for all financial resources.

(b) Basis of accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Board's records are maintained on the cash basis of accounting. However, the General Fund, as reported in the accompanying component unit financial statements, has been converted to a modified accrual basis of accounting using the following practices:

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

1) Summary of significant accounting policies (continued)

(b) Basis of accounting (continued)

Revenues

Licenses, permits and examination fees are recorded in the year the fees are earned, which approximates when measurable and available. Amounts are collected in advance, such as deposits on examinations, and are recorded as deferred revenues.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available. All other revenues are recorded when received.

Expenditures

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

(c) Budget practices

The budget was adopted by the Board at the annual meeting which was held on January 11, 1996. The budget is prepared and reported on a cash basis of accounting, and budgeted amounts do not include the beginning fund balance. Appropriations lapse at year end and formal budget integration is not employed as a management control device during the year.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Budgetary Basis - Cash) and Actual Governmental Fund - General Fund presents comparisons of the legally adopted budget (cash basis) with actual data on a budgetary basis.

The following revenue accounts have been combined into miscellaneous fees for this comparison as follows:

Interest earned	\$ 19,325
Temporary permits	3,250
Other	<u>3,323</u>
Miscellaneous fees	<u>\$ 25,898</u>

A reconciliation of this basis and timing difference is presented below:

Revenues - Actual	\$458,433
Add: Current year deferred revenues	16,795
Prior year accounts receivable	700
Less: Prior year deferred revenues	(15,675)
Current year accounts receivable	<u>(1,353)</u>
Revenues - Budgetary Basis	<u>\$458,900</u>
Expenditures - Actual	\$480,422
Add: Current year accounts payable	131
Prior year prepaid expenses	-
Prior year accrued expenses	6,316
Less: Prior year accounts payable	(4,428)
Current year prepaid expenses	(4,077)
Current year accrued expenses	<u>(7,875)</u>
Expenditures - Budgetary Basis	<u>\$470,489</u>

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

1) Summary of significant accounting policies (continued)

(d) Cash and cash equivalents

Cash and cash equivalents represent petty cash, demand deposits, money market accounts, and certificates of deposit. Under state law, the State Plumbing Board of Louisiana may deposit funds within a fiscal bank. Furthermore, the Board may invest in time deposits or certificates of deposit of state banks organized under Louisiana law or national banks having their principal offices in Louisiana.

The State Plumbing Board of Louisiana has cash and cash equivalents (book balance) totaling \$382,446 at June 30, 1997. The following is a summary of the bank (collected) balances of cash and cash equivalents at June 30, 1997.

Cash - demand deposit	\$ 32,446
Certificates of deposit	<u>350,000</u>
Total	<u>\$382,446</u>

Cash and cash equivalents are stated at cost, which approximates market, and the resulting bank balances are fully secured through federal deposit insurance or the pledge of securities owned by the fiscal agent banks.

(e) General fixed assets and general long-term obligations

General fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost. A summary of changes in fixed assets is presented in Note 2.

Long-term obligations expected to be financed from the General Fund are accounted for in the general long-term obligations account group.

(f) Vacation and sick leave

Employees of the Board earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation 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 vacation leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The liability for unused vacation leave payable at June 30, 1997, Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be \$15,782.

(g) Total column on balance sheet

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

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

NOTES TO FINANCIAL STATEMENTS

June 30, 1997

2) Changes in general fixed assets

The changes in general fixed assets are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Furniture and equipment	\$75,973	\$ 9,838	\$ -	\$85,811

3) Pension plan

Substantially all employees of the State Plumbing Board of Louisiana are members of the Louisiana State Employee's Retirement System (LASERS), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. LASERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. Benefits are guaranteed by the State of Louisiana under provisions of the Louisiana Constitutions of 1974. LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213 or by calling (504) 922-0600.

Plan members of the State Plumbing Board of Louisiana are required by state statute to contribute 7.5% of their annual covered salary and the office (as the employer) is required to contribute at an actuarially determined rate. The current employers rate is 12.4% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contribution is funded by the State of Louisiana through the annual legislative appropriation. The Board's employer contributions to LASERS for the year ended June 30, 1997 was \$19,978 and was equal to the required contributions for the year.

4) Leases

The Board has no capital leases at June 30, 1997. Rental expenditures for office space during the year amounted to \$38,009. The minimum annual commitment under the existing operating leases for office space is as follows:

Year Ending June 30

1998	48,953
1999	48,923
2000	48,923
2001	34,050

5) Changes in general long-term obligations

General long-term obligations consist entirely of compensated absences. The following is a summary of the long-term obligation transactions for the year ended June 30, 1997.

Long-term obligations payable at June 30, 1996	\$13,333
Additions	2,897
Deletions	<u>(448)</u>
Long-term obligations payable at June 30, 1997	<u>\$15,782</u>

STATE PLUMBING BOARD OF LOUISIANA
DEPARTMENT OF LABOR

SUPPLEMENTAL INFORMATION - SCHEDULE OF PER DIEM PAID BOARD MEMBERS

Year Ended June 30, 1997

<u>Board Member Name</u>	
James Finley	\$ 375
Robert F. Jaeger, II	-
Robert W. Rolston	4,875
Preston Dejean	1,200
Rick Lanier	1,725
James Osborne, Jr.	1,725
Johnny Gypin	450
W. Ray Anderson	<u>750</u>
Total Per Diem Paid Board Members	<u>\$11,100</u>

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
STRUCTURE RELATED MATTERS NOTED IN A COMPONENT UNIT
FINANCIAL STATEMENT AUDIT CONDUCTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board Members
State Plumbing Board of Louisiana
Department of Labor
New Orleans, Louisiana

We have audited the financial statements of the State Plumbing Board of Louisiana (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 11, 1997.

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

The management of the Board is responsible for establishing and maintaining the Board's internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structures and procedures. The objectives of the internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the component unit financial statements of the Board for the year ended June 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedure for the purpose of expressing our opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

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

Wegmann - Poyet & Co.

August 11, 1997

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF THE COMPONENT
UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
State Plumbing Board of Louisiana
Department of Labor
New Orleans, Louisiana

We have audited the financial statements of the State Plumbing Board of Louisiana (the Board), a component unit of the State of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated August 11, 1997.

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

Compliance with laws, regulations and contracts applicable to the Board is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts. However, the objectives of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Governmental Auditing Standards. There were no funds received from Federal Financial Assistance Programs for the year ended June 30, 1997.

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

August 11, 1997

Wegmann-Dazet & Co.