

OFFICIAL
BILL COPY
DO NOT SEND OUT
EXACT REPRODUCTION
OF THE ORIGINAL
AND NOT TO BE
MADE IN FULL

RECEIVED
LEGISLATIVE COUNCIL
27 OCT -1 PM 2:32

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1997

LA COMPONENT UNIT OF THE STATE OF LOUISIANA

Under provisions of state law, this report is a public document. A copy of this report has been furnished to the printed, or recorded, audit and other agencies, the public officials. The reports are also for public inspection by the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 08 1997

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT	1
COMPONENT UNIT FINANCIAL STATEMENTS (CONDENSED STATEMENTS - OVERVIEW)	
Combined balance sheet - All Fund Types and Account Groups	2
Combined statement of revenues, expenditures, and changes in fund balances - Governmental Fund Types	3
Combined statement of revenues, expenditures, and changes in fund balances - Budget (AMR) Basis and Actual - Governmental Fund Types	4
Notes to Financial Statements	5-23
UNPLANNED/UNUSUAL INFORMATION	
Combining balance sheet - General Fund Activities	22
Combining statement of revenues, expenditures and changes in fund balances - General Fund Activities	23
Combining balance sheet - Special Revenue Activities	24
Combining statement of revenues, expenditures and changes in fund balances - Special Revenue Activities	25
Schedule of Activity - Agency Fund	26
Schedule of Compensation Paid Board Members	27
Compliance Report Based on an Audit of the Component UNIT Financial Statements Performed in Accordance With Governmental Auditing Standards	28
Report on the Internal Control Structure in Accordance With Government Auditing Standards	29-30

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Louisiana Seal State Commission
Baton Rouge, Louisiana

We have audited the accompanying general-purpose financial statements of the Louisiana Seal State Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 1997. These general-purpose financial statements are the responsibility of the Louisiana Seal State Commission management. Our responsibility is to express an opinion of these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Seal State Commission as of June 30, 1997, and the results of its operations and non-expendable trust funds 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 general-purpose financial statements taken as a whole. The Combining Financial Statements and Schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Louisiana Seal State Commission. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated September 28, 1997 on our consideration of Louisiana Seal State Commission's internal control structure and a report dated September 28, 1997 on its compliance with laws and regulations.



Daigrepont & Brian
A Professional Accounting Corporation

September 25, 1997

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS
JUNE 30, 1997

	<u>GOVERNMENTAL FUND TYPES</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS		
Cash	\$1,283,864	\$ 539,410
Investments	279,000	"
Receivables		"
Employee	179	411
Other	6,825	"
Due from other funds	122,883	"
Fixed assets	"	"
Amount to be provided to retire general long term debt	"	"
TOTAL ASSETS	<u>\$1,762,651</u>	<u>\$ 539,821</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 24,224	\$ 3,001
Accrued wages	28,429	6,170
Due to other funds	"	148,120
Contingent liabilities	"	7,154
Compensated absences	49,914	"
Deposits	"	"
TOTAL LIABILITIES	<u>102,567</u>	<u>154,345</u>
FUND EQUITY		
Investment in general fixed assets	"	"
Fund balances		
Unassigned	"	"
Designated	"	406,511
Redesignated	1,358,510	"
TOTAL FUND EQUITY	<u>1,358,510</u>	<u>406,511</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,762,651</u>	<u>\$ 539,821</u>

FIDUCIARY KIND TYPE	ACCOUNT DESCR GENERAL FUND	TOTALS	
		MEMORANDUM ONLY	
AGENCY	ASSETS	1993	1994
\$163,773	\$ -	\$ 1,888,143	\$1,888,143
-	-	375,000	375,000
-	-	795	1,375
-	-	5,825	8,133
-	-	152,883	33,883
-	1,518,579	1,577,338	1,518,579
-	-	-	38,782
<u>\$163,773</u>	<u>\$1,518,579</u>	<u>\$ 3,433,289</u>	<u>\$3,352,327</u>
\$ -	\$ -	37,838	\$ 88,443
8,834	-	34,885	26,888
-	-	112,883	38,883
-	-	7,158	78,373
-	-	43,814	58,860
<u>174,838</u>	-	<u>133,818</u>	<u>312,823</u>
<u>163,773</u>	-	<u>382,386</u>	<u>612,104</u>
-	1,518,579	1,577,338	1,518,579
-	-	488,830	453,897
-	-	<u>3,188,510</u>	<u>3,335,823</u>
-	<u>1,518,579</u>	<u>3,666,848</u>	<u>3,789,650</u>
<u>\$163,773</u>	<u>\$1,518,579</u>	<u>\$ 8,097,988</u>	<u>\$8,069,977</u>

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
YEAR ENDING JUNE 30, 1997

	GOVERNMENTAL FUND TYPES		TOTALS	
	GENERAL	SPECIAL	1997	1996
REVENUES				
Licenses, permits and fees	\$1,374,844	\$ 184,887	\$1,559,731	\$1,538,971
Share of money and property	79,715	18,488	98,203	88,978
Sale of commodities	19,334	-	19,334	21,970
Other receipts	1,828	-	1,828	19,721
TOTAL REVENUES	<u>1,475,721</u>	<u>203,375</u>	<u>1,679,100</u>	<u>1,669,640</u>
EXPENDITURES				
General government				
Salaries	495,825	183,881	679,706	683,151
Fringe benefits	83,859	22,378	106,237	104,783
Travel	88,876	33,849	122,725	85,481
Printing services	188,104	146,487	334,591	328,734
Operating supplies	25,742	2,388	28,130	18,181
Professional services	88,883	37,127	126,010	155,578
College grants	-	20,000	20,000	8,188
Recovery claims	-	(63,823)	(63,823)	23,871
Lease service	1,028	-	1,028	28,481
Capital outlay	<u>117,837</u>	<u>1,483</u>	<u>119,320</u>	<u>23,288</u>
TOTAL EXPENDITURES	<u>1,064,152</u>	<u>418,822</u>	<u>1,482,974</u>	<u>1,435,911</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>411,569</u>	<u>(215,447)</u>	<u>196,122</u>	<u>232,729</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers in	1,828,180	463,500	2,291,680	1,716,431
Transfers out	(1,348,180)	(183,888)	(1,532,068)	(1,318,331)
TOTAL OTHER FINANCIAL				
SOURCES (USES)				
EXCESS (DEFICIENCY) OF REVENUES				
AND OTHER SOURCES OVER				
EXPENDITURES AND OTHER USES	<u>281,417</u>	<u>(64,977)</u>	<u>216,440</u>	<u>247,411</u>
FUND BALANCE, July 1, 1996	<u>1,275,047</u>	<u>483,647</u>	<u>1,758,694</u>	<u>1,817,911</u>
Residual equity transfer	-	-	-	128,155
FUND BALANCE, June 30, 1997	<u>\$1,275,047</u>	<u>\$ 418,670</u>	<u>\$2,117,340</u>	<u>\$2,054,076</u>

LOUISIANA REAL ESTATE COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - GOVERNMENTAL
 FUND TYPES - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 1987

	GENERAL FUNDS		PARTIAL FISCAL YEAR SEPTEMBER-NOVEMBER
	BUDGET	ACTUAL	
REVENUES			
Licenses, permits and fees	\$1,182,128	\$1,274,844	\$ 92,000
Use of money and property	50,344	75,778	25,100
Sale of commodities	28,188	19,128	29,790
Other receipts	7,100	3,802	33,213
TOTAL REVENUES	<u>1,268,660</u>	<u>1,373,552</u>	<u>80,103</u>
EXPENDITURES			
General government			
Salaries	488,128	488,428	358,710
fringe benefits	121,108	97,350	23,810
Travel	46,498	54,070	18,010
Operating services	209,040	184,104	22,890
Operating supplies	28,638	28,742	3,210
Professional services	87,176	56,852	48,320
College grants	-	-	-
Recovery claim	-	-	-
Debt service	17,328	1,018	24,200
Capital outlay	192,608	117,922	128,510
TOTAL EXPENDITURES	<u>1,278,006</u>	<u>1,248,414</u>	<u>327,510</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u> 5,654</u>	<u>125,038</u>	<u>127,807</u>
OTHER FINANCIAL SOURCES (USED)			
Transfers in	-	1,928,188	1,928,188
Transfers out	-	(1,828,188)	(1,928,188)
TOTAL OTHER FINANCIAL SOURCES	<u> </u>	<u> </u>	<u> </u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 5,654</u>	<u>103,440</u>	<u>\$ 570,671</u>
FUND BALANCE, July 1, 1986		<u>1,175,227</u>	
FUND BALANCE, June 30, 1987		<u>\$1,278,667</u>	

SPECIAL REVENUE FUNDS			TOTALS (DISPOSITIONS ONLY)		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
		FAVORABLE (CREDITS/DEBITS)			FAVORABLE (CREDITS/DEBITS)
\$ 202,858	2394,307	\$ 19,201	23,556,970	21,423,480	\$ 73,371
-	16,600	28,800	58,204	28,480	29,724
-	-	-	25,100	19,100	15,999
-	-	-	2,100	3,800	13,300
<u>202,858</u>	<u>273,243</u>	<u>2,300</u>	<u>1,947,834</u>	<u>1,759,830</u>	<u>121,001</u>
242,342	252,831	11,201	287,878	442,038	348,471
28,844	22,273	11,829	241,742	129,752	20,110
46,272	53,040	22,822	92,700	88,828	4,872
128,287	146,421	128,054	328,427	344,826	125,200
1,536	2,390	8803	20,827	28,133	2,306
88,848	27,128	119,200	104,025	153,500	29,040
-	28,888	220,000	-	20,000	20,000
150,000	182,821	182,821	150,000	653,000	199,800
-	-	-	17,338	1,015	16,323
-	3,451	13,451	182,882	172,528	117,890
<u>548,728</u>	<u>618,228</u>	<u>338,582</u>	<u>1,828,816</u>	<u>1,482,371</u>	<u>366,445</u>
(418,878)	(448,277)	(338,202)	(178,282)	288,866	482,240
-	443,588	643,588	-	3,281,680	12,281,680
-	182,528	483,288	-	22,281,880	2,281,880
-	-	-	-	-	-
<u>128,850</u>	<u>144,271</u>	<u>2,138,200</u>	<u>2,178,282</u>	<u>288,400</u>	<u>2,482,280</u>
-	483,282	-	-	1,828,278	-
<u>128,850</u>	<u>627,553</u>	<u>2,138,200</u>	<u>2,178,282</u>	<u>1,116,678</u>	<u>2,482,280</u>

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Real Estate Commission is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development, as provided by Louisiana Revised Statutes 48:109. The Commission is composed of five members, appointed by the Governor, who serve staggered terms of two, four and six years. The Commission is charged with the responsibility of regulating the issuance of real estate licenses and time-sharing registrations. Included in this responsibility are the duties to establish, adopt and enforce rules and regulations and educational standards as well as to administer and enforce the provisions of the Louisiana Real Estate Licensing Law, LSA-R.S. 37:1431 et. seq., and the Louisiana Time-sharing Act, LSA-R.S. 9:1231.2 et. seq. Operations of the Commission are funded with license fees, annual sales and interest earnings.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting and Financial Reporting Standards (GAFF) in promulgating generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In June of 1997, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Real Estate Commission prepares its financial statements in accordance with the standards established by the GASB. GASB Codification 2100 establishes criteria for determining the reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Real Estate Commission, a component unit of the State of Louisiana.

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

B. FUND ACCOUNTING

The accounts of the Louisiana Real Estate Commission are organized on the basis of funds and accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual items based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

Governmental Funds

General Fund

The General Fund is the principal fund and is used in payment for the general operations of the Commission. The various fees and charges due the Commission are accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Commission has two special revenue funds. The purpose of the Research and Education fund is to promote advancement and more efficient administration of the real estate industry and that of the Recovery fund is settlement of monetary damages involving the sale or lease of real property.

fiduciary Funds

Agency Funds

Agency Funds account for assets that the Louisiana Real Estate Commission holds on behalf of others as their agent. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Account Groups

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

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied. The Commission's records are maintained on the modified accrual basis of accounting, using the following practices:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Under the modified accrual basis of accounting, some revenues are susceptible to accrual while others are not. Major revenues accrued are susceptible to accrual is interest income.

Expenditures

Expenditures are recognized under the modified accrual basis of accounting. Expenditures are recognized when the goods or services are received.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

G. Budgets (continued)

The accounting Department compiles for the Executive Director estimates of revenues and request for appropriations of the annual budget (GAAP Basis),

no later than the first day of January in each year. The Commission submits a copy of its proposed budget for the ensuing fiscal year to the Joint Legislative Committee on the Budget, to the chairman of a standing committee of the Legislature having jurisdiction as listed in R.S. 49:882, to the legislative auditor, and to the legislative fiscal office.

The Joint Legislative Committee must have prior written notification of any proposed transfers of funds from one category of expenditures to another if the transfer will constitute a ten percent change in either the category or if the total budget increases or decreases five percent.

The Commission submitted the 96-97 budget in December 1995 and the beginning year balance was budgeted. No changes or amendments were made to the submitted budget.

All appropriations lapse at yearend and there were no encumbrances at year end.

H. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as a expenditure when purchased.

I. VACATION AND SICK LEAVE

The Louisiana Real Estate Commission accrues vacation and sick leave when earned. Employees earn and vest vacation and sick leave in varying amounts, according to their years of service. Upon retirement or resignation, unused vacation leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, vacation leave in excess of 300 hours, and unused sick leave is paid in the retirement benefit computation as earned service.

At June 30, 1997, employees of the Commission has accumulated and vested \$28,170 of employee leave benefits, which was computed in accordance with GAAP Modification Paragraph C-20. Of this amount, \$43,614 is recorded as an obligation of the General Fund and \$25,993 is recorded within the general long-term obligation account group.

J. PENSION PLAN

Substantially all employees are members in the Louisiana State Employees Retirement System. In addition to the employee contributions withheld at 7.5% of gross salary, the Commission contributes an additional 12.44% of gross salary to the LSEERS system. Contributions to the system are funded through employee and employer contributions of \$44,086 and \$72,474 respectively.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

F. PENSION PLAN (Continued)

The total annual year payroll of the agency full types of wages was \$882,84 and its current year payroll covered by the retirement system was \$588,124. Under present statutes, the agency does not guarantee any of the benefits provided by the retirement system.

G. LITIGATION AND CLAIMS

At June 30, 1997, the Commission was involved in litigation or was aware of claims totaling \$7,180, which were not covered by insurance. This probable liability has been recorded as a contingent liability in the Recovery Fund. No claims or litigation costs were incurred in the current year.

H. LEASES

The Louisiana Real Estate Commission does not record items under capital leases as an asset and an obligation in the accompanying financial statements. The Commission has no significant operating leases as of June 30, 1997.

I. POST-RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Real Estate Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Commission's employees become eligible for those benefits if they reach normal retirement age while working for the Commission. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employees and by the Commission. The Commission's cost of providing retired health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1997 the cost of retired benefits totaled \$18,318 and there are eight participants currently eligible to receive benefits.

J. DEPOSITS AND INVESTMENTS

DEPOSITS

For reporting purposes, cash and cash equivalents include cash, demand deposits, and certificates of deposit. Under state law, the Louisiana Real Estate Commission may deposit funds within a fiscal agent bank selected and designated by the Internal Emergency Board. Further, the Commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of Federally or state chartered credit unions.

As reflected on the Balance Sheet, the Louisiana Real Estate Commission had cash and cash equivalents totaling \$1,999,143 at June 30, 1997. Cash and cash equivalents are stated at cost, which approximates market.

LOUISIANA REAL ESTATE COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1997

H. DEPOSITS AND INVESTMENTS (continued)

DEPOSITS

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually agreeable to both parties. The Commission deposits were fully insured or collateralized as required by the state statutes at June 30, 1997. At year-end, the bank balances totaling \$1,891,883 were covered by Federal Depositary Insurance and of \$208,788 and collateralized with a market value of \$2,087,000.

DEPOSITABLE

The Commission has two certificates of deposits as follows:

<u>AMOUNT</u>	<u>TERM</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>
\$ 300,000	91 days	4.00	8/08/97
\$ 78,000	182 days	4.75	10/17/97

These are Category 1 investments secured by pledged securities with a market value of \$665,376.

I. DUE TO/FROM OTHER FUNDS

Individual fund type balances due to/from other funds at June 30, 1997 are as follows:

<u>FUND</u>	<u>DUE TO OTHER FUNDS</u>	<u>DUE FROM OTHER FUNDS</u>
RESEARCH	\$ 8,864	\$ -
Research and education	100,870	-
Recovery	13,159	-
Operating	-	122,883
Total	\$ 122,893	\$ 122,883

J. COMPARATIVE DATA

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1997

F. COMPARATIVE DATA (Continued)

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

G. RELATED PARTY TRANSACTIONS

The Commission made the following related party disbursements for the year ended June 30, 1997:

State of Louisiana:

Department of Public Safety & Corrections	\$	24
Department of Civil Service		2,288
Division of Administration		15,388
Office of Risk Management		35,888
Office of Telecommunications		21,888
Secretary of State		120
State Registrar		88

The Commission also back-charged the Louisiana Real Estate Appraisers Board of Certification \$78,828 for pro-rata share of operating expense for this fiscal year. At June 30, 1997, the receivable of \$8,828 consists of cash back-charges.

H. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

SUPPLEMENTARY INFORMATION

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GENERAL FUNDS
JUNE 30, 1967

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These miscellaneous funds are accounted for and reported according to the source from which they are derived.

The following activities comprise the Commission's General Funds:

Operating Fund accounts for the receipts and disbursements of funds received for licenses, permits and fees from the real estate industry except for reversals.

Operating Super Now Fund accounts for the reserved fees and is invested in a high yield savings account.

Investment Fund accounts for the receipts of excess funds not needed for the day-to-day operations and is invested in governmental money market funds.

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
COMBINED BALANCE SHEET - GENERAL FUND ACTIVITIES
JUNE 30, 1967

ASSETS	CURRENT	FUND		TOTAL
		NON	INVESTMENT	
Cash and cash equivalents	\$ 182,243	\$ 1,072,260	\$ 451,081	\$ 1,705,584
Investments	-	-	-	451,081
Receivables				
Employees	176	-	-	176
Other	5,805	-	-	5,805
Due from other funds	102,283	-	-	102,283
TOTAL ASSETS	<u>\$ 271,527</u>	<u>\$ 1,072,260</u>	<u>\$ 451,081</u>	<u>\$ 1,794,868</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 24,214	0	0	\$ 24,214
Accrued wages	24,428	-	-	24,428
Depreciated advances	43,614	-	-	43,614
TOTAL LIABILITIES	<u>88,452</u>	<u>-</u>	<u>-</u>	<u>88,452</u>
FUND EQUITY				
Fund balance unencumbered-undesignated	182,243	1,072,260	451,081	1,705,584
TOTAL FUND EQUITY	<u>182,243</u>	<u>1,072,260</u>	<u>451,081</u>	<u>1,708,584</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 271,527</u>	<u>\$ 1,072,260</u>	<u>\$ 451,081</u>	<u>\$ 1,794,868</u>

LOUISIANA BEAL STATE COMMISSION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE - GENERAL FUND ACTIVITIES
 YEAR ENDED JUNE 30, 1997

REVENUES	OPERATING	SUPER		TOTAL
		FUND	IMPROVEMENT	
Licenses, permits and fees	\$ 285,914	\$ 878,810	\$ -	\$1,274,824
Use of money and property	10,568	40,044	21,200	71,812
Sale of commodities	12,138	-	-	12,138
Other receipts	<u>3,812</u>	<u>-</u>	<u>-</u>	<u>3,812</u>
TOTAL REVENUES	<u>302,432</u>	<u>1,008,854</u>	<u>21,200</u>	<u>1,332,526</u>
EXPENDITURES				
General government:				
Salaries	488,428	-	-	488,428
Fringe benefits	97,288	-	-	97,288
Travel	54,534	-	-	54,534
Services	184,588	-	-	184,588
Supplies	28,742	-	-	28,742
Professional fees	56,852	-	-	56,852
Debt service	3,812	-	-	3,812
Capital outlay	<u>117,822</u>	<u>-</u>	<u>-</u>	<u>117,822</u>
TOTAL EXPENDITURES	<u>1,244,151</u>	<u>-</u>	<u>-</u>	<u>1,244,151</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>158,281</u>	<u>-1,244,854</u>	<u>21,200</u>	<u>113,627</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers in	1,814,000	814,000	-	2,628,000
Transfers out	<u>(2,518,000)</u>	<u>(1,814,000)</u>	<u>-</u>	<u>(4,332,000)</u>
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>296,000</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(704,000)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>165,143</u>	<u>134,874</u>	<u>21,200</u>	<u>321,217</u>
FUND BALANCE, July 1, 1996	<u>(2,224)</u>	<u>218,882</u>	<u>(831,875)</u>	<u>(815,217)</u>
FUND BALANCE, June 30, 1997	<u>\$ 182,843</u>	<u>\$1,072,568</u>	<u>\$ 453,083</u>	<u>\$1,708,513</u>

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
SPECIAL REVENUE FUNDS
JUNE 16, 1997

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments, expropriable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

The following types of funds comprise the Commission's Special Revenue Funds:

Research and Education Fund's Checking and Super Now accounts for the receipts and disbursement of funds received to promote the advancement and more efficient administration of the real estate industry.

Emergency Fund accounts for the receipts and disbursements of funds in connection with monetary disasters involving the sale or lease of Real property.

LOUISIANA REAL ESTATE COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 COMBINED BALANCE SHEET - SPECIAL REVENUE ACTIVITIES
 JUNE 30, 1977

RESEARCH & EDUCATION

	<u>CHECKING</u>	<u>OTHER FUNDS</u>	<u>RECEIVABLE</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$128,422	\$ 2,884	\$417,821	\$549,127
Receivables				
Employees	600	-	-	600
Interest	-	-	-	-
Due from other funds	-	-	-	-
TOTAL ASSETS	<u>\$129,022</u>	<u>\$ 2,884</u>	<u>\$417,821</u>	<u>\$549,727</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	3,781	-	-	3,781
Accrued wages	6,178	-	-	6,178
Contingent liabilities	-	-	7,158	7,158
Due to other funds	168,928	-	13,155	182,083
TOTAL LIABILITIES	<u>188,887</u>	<u>-</u>	<u>20,313</u>	<u>209,200</u>
FUND EQUITY				
Fund balance unreserved - designated	18,135	2,884	397,508	418,527
TOTAL FUND EQUITY	<u>18,135</u>	<u>2,884</u>	<u>397,508</u>	<u>418,527</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$129,022</u>	<u>\$ 2,884</u>	<u>\$417,821</u>	<u>\$549,727</u>

LOUISIANA REAL ESTATE COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - SPECIAL REVENUE ACTIVITIES
 YEAR ENDED JUNE 30, 1997

	<u>REVENUE & EDUCATION</u>			
	<u>BOOKING</u>	<u>OTHER FUND</u>	<u>RECEIVED</u>	<u>TOTAL</u>
REVENUE				
Licenses, permits and fees	\$ 28,380	\$22,820	\$243,348	\$304,548
Use of money and property	-	2,380	28,328	30,708
TOTAL REVENUE	<u>28,380</u>	<u>25,200</u>	<u>411,676</u>	<u>465,256</u>
EXPENDITURES				
General government				
Salaries	142,464	-	33,377	175,841
fringe benefits	28,391	-	3,982	32,373
Travel	20,048	-	-	20,048
Operating services	148,475	6	-	148,481
Operating supplies	2,380	-	-	2,380
Professional services	87,129	-	-	87,129
College grants	29,900	-	-	29,900
Recovery claims	-	-	143,821	143,821
Capital Outlay	2,482	-	-	2,482
TOTAL EXPENDITURES	<u>460,679</u>	<u>6</u>	<u>147,861</u>	<u>618,546</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>162,580</u>	<u>19,194</u>	<u>263,815</u>	<u>445,589</u>
OTHER FINANCIAL SOURCES (USES)				
Transfers in	463,500	-	-	463,500
Transfers out	-	1288,000	1215,380	1653,580
TOTAL OTHER FINANCIAL SOURCES (USES)	<u>463,500</u>	<u>1288,000</u>	<u>1215,380</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>28,602</u>	<u>1207,994</u>	<u>64,435</u>	<u>144,971</u>
FUND BALANCE, July 1, 1996	<u>113,817</u>	<u>328,861</u>	<u>348,893</u>	<u>801,571</u>
FUND BALANCE, June 30, 1997	<u>\$ 142,419</u>	<u>\$ 1,536,855</u>	<u>\$413,328</u>	<u>\$1,992,602</u>

LOUISIANA RAIL RIGHTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
FISCAL YEAR 1967
JUNE 30, 1967

Agency Funds are used to account for assets held by a governmental unit on behalf of individuals, private organizations, and other units of government.

The Commission's Seismic Fund accounts for the receipts and disbursements of funds in connection with monetary damages involving sale or lease of real property.

LOUISIANA REAL ESTATE COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 SCHEDULE OF ACTIVITY - AGENCY FUND
 YEAR ENDING JUNE 30, 1980

	<u>AGENCY FUND</u>
BALANCE AT BEGINNING OF YEAR	\$140,460
ADDITIONS	
Revenue disposed	343,480
Interest earned	<u>8,858</u>
TOTAL ADDITIONS	<u>352,338</u>
DEDUCTIONS	
Revenue disposed settlements	340,000
Interest transferred	<u>8,858</u>
TOTAL DEDUCTIONS	<u>348,858</u>
BALANCE AT END OF YEAR	<u>\$192,330</u>

LOUISIANA REAL ESTATE COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
FOR YEAR ENDED JUNE 30, 1977

COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem paid to Louisiana Real Estate Commission's commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1976 Session of the Louisiana Legislature.

LOUISIANA REAL ESTATE COMMISSION MEMBERS

Jack Beaigimery	\$ 3,488
James Simmons	850
Jack Flack	2,200
Beverly Quigley	250
Arthur Delmore	250
Ray Chiles	750
David Weinstock	800
George Dieckrich	700
Kathy Flahgn	<u>850</u>
TOTAL	<u>\$ 11,338</u>

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

To the Board of Commissioners
Louisiana Real Estate Commission
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Louisiana Real Estate Commission as of and for the year ended June 30, 1987, and have issued our report thereon dated September 25, 1987.

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

Compliance with laws, regulations, contracts, and grants applicable to Louisiana Real Estate Commission is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatements, we performed tests of Louisiana Real Estate Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

Daigrepont & Brian

Daigrepont & Brian
A Professional Accounting Corporation

September 25, 1987

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
Louisiana Real Estate Commission
Baton Rouge, Louisiana

We have audited the general-purpose financial statements of the Louisiana Real Estate Commission as of and for the year ended June 30, 1997, and have issued our report thereon dated September 25, 1997.

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

The management of the Louisiana Real Estate Commission is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization, and recorded properly to permit the preparation of general-purpose financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system 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 general-purpose financial statements of Louisiana Real Estate Commission, 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 procedures for the purpose of expressing our opinion on the general-purpose financial statements and **NOT** to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Internal Control Structure

Page Two

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

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

Daigrepont & Brien

Daigrepont & Brien
A Professional Accounting Corporation

September 25, 1997