

**Louisiana State Board of Home Inspectors**

**Financial Statements**

**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 2-16-05

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**WILLIAM E. DELOACH**  
Certified Public Accountant

**William E. DeLoach**  
Certified Public Accountant

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To the Office of the Governor  
and the Board of Directors  
Louisiana State Board of Home Inspectors  
Baton Rouge, Louisiana

I have compiled the accompanying balance sheet of the Louisiana State Board of Home Inspectors as of June 30, 2004, and the related statement of activities, net assets, and cash flows then ended, in accordance with standards established by the Statements for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.



Certified Public Accountant

January 3, 2005

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Financial Position  
June 30, 2004**

<b>ASSETS</b>	<b>June 30. 2004</b>
<b>Current Assets</b>	
Cash	\$ 45,570
Prepaid Expenses	<u>5,000</u>
Total Current Assets	50,570
<b>Capital Assets</b>	
Furniture & Equipment	15,573
Intangible Asset	7,525
Less Accumulated Depreciation & Amortization	<u>(5,985)</u>
Total Capital Assets	17,113
<b>Other Assets</b>	
Deposits	<u>500</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>68,183</u></b>
<b>NET ASSETS - UNRESTRICTED</b>	<b>\$ <u>68,183</u></b>

See accountant's compilation report.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Activities  
and Changes in Net Assets  
For the Year Ended June 30, 2004**

	<u>June 30. 2004</u>
<b>OPERATING REVENUES</b>	
Application Fees	\$ 28,347
Inspection Fees	99,884
Fines and Penalties	1,000
Total Operating Revenue	<u>129,231</u>
<b>OPERATING EXPENSES</b>	
Operating Services & Supplies	41,970
Depreciation	3,579
Contract Labor	43,875
Professional Fees	32,058
Total operating expenses	<u>121,482</u>
<b>CHANGE IN NET ASSETS</b>	7,749
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<u>60,434</u>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<u>\$ 68,183</u>

See accountant's compilation report.

**LOUISIANA STATE BOARD OF HOME INSPECTORS  
OFFICE OF THE GOVERNOR  
EXECUTIVE DEPARTMENT  
STATE OF LOUISIANA**

**Statement of Cash Flows  
For the Year Ended June 30, 2004**

	<u>June 30.</u> <u>2004</u>
<b>Cash flows from operating activities:</b>	
Cash received from fees, including cash deposits	\$ 129,334
Disbursed for operating expenses	<u>(130,412)</u>
Net cash used by operating activities	<u>(1,078)</u>
<b>Cash flows from investing activities -</b>	
Purchase of furniture, equipment, and intangible assets	(13,294)
<b>Net decrease in cash</b>	(14,372)
<b>Cash at beginning of year</b>	59,942
<b>Cash at end of year</b>	<u>\$ 45,570</u>
<b>Reconciliation of operating income to net cash used by operating activities</b>	
Operating income	\$ 7,749
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	3,579
(Increase) decrease in prepaid items	686
Increase (decrease) in payables	<u>(13,092)</u>
Net cash used by operating activities	<u>\$ (1,078)</u>

See accountant's compilation report.

**William E. DeLoach**  
Certified Public Accountant

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Independent Accountant's Report  
on Applying Agreed-Upon Procedures

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To the Board of Directors of the Louisiana State Board of Home Inspectors:

I have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Louisiana State Board of Home Inspectors and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Louisiana State Board of Home Inspectors compliance with certain laws and regulations during the year ended June 30, 2004 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

I examined documentation which indicated that all of these expenditures had been properly advertised and accepted in accordance with the provisions of LSA-RS 38:2211-2251.

**Code of Ethics for Public Officials and Public Employees**

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in the agreed-upon procedure.

**Budgeting**

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

I traced the adoption of the original budget to the minutes of a meeting held on December 19, 2003 which indicated that the budget had been adopted by the board of directors of the Louisiana State Board of Home Inspectors on a unanimous vote. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5 % or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not meet budgeted revenues by 30% and expenditures for the year exceeded budgeted amounts by 6%.

#### Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

I examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

- (c) determine whether payments received approval from proper authorities.

All of the payments were properly coded to the correct fund and general ledger account and received approval from proper authorities.

#### Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Louisiana State Board of Home Inspectors is only required to post a notice of each meeting and the accompanying agenda on the door of the board's office building. I observed on one occasion when the meeting notice was posted as required.

#### Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

I inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

## Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

A reading of the minutes of the board for the year indicated no approval for the payments noted. I also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

My prior year report, dated February 10, 2004 , included comments regarding material weaknesses in internal control, personal service contracts, mileage reimbursements, and potential conflicts of interest. Due to limited staff, implementation of internal controls is not economically feasible at this time. Corrective measures have been implemented by the board in the areas regarding personal service contracts, mileage reimbursements, and potential conflicts of interest.

I were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Louisiana State Board of Home Inspectors and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

January 3, 2005



William DeLoach, MBA, CPA

LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)

12-22-08 (Date Transmitted)

WILLIAM E. DELOACH, CPA  
SSIC SUPERIOR DR. STE B  
BATON ROUGE, LA 70816  
(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governments Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes  No

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-124.

Yes  No

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes  No

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and for 39:92, as applicable.

Yes  No

We have had our financial statements audited or compiled in accordance with LSA-RS 24:313.

Yes  No

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes  No

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VI, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.85.

Yes  No

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 9729.

Yes  No

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

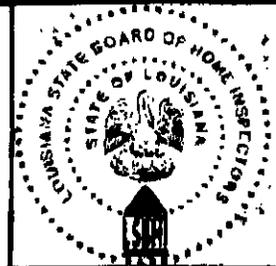
We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Donald W. King, Jr.</u>	Secretary	<u>12/21/04</u>	Date
<u>Donald W. King, Jr.</u>	Treasurer	<u>12/21/04</u>	Date
<u>Ralph E. "Duke" Chana</u>	President	<u>12/22/04</u>	Date



**LOUISIANA STATE BOARD OF HOME INSPECTORS**

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Ralph "Dick" Chance  
Chairman

Kathleen Babineaux Blanco  
Governor

William "Bill" Matchett  
Vice Chairman

**Board Members**

February 5, 2005

Steve J. Theriot, CPA  
Office of the Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

The following are the Board's responses to the compilation/attestation findings of William E. DeLoach, CPA dated January 5, 2005.:

**Revenues and Expenses Not in Compliance with Budget**

The board has implemented corrective measures in this area.

We believe the above corrective measures is responsive to the findings of the compilation/attestation.

The persons responsible for implementing the above corrective measures is Richard Chance, Chair, Louisiana State Board of Home Inspectors, and Don Lewis, Chief Operating Officer, Louisiana State Board of Home Inspectors.

Sincerely,

Richard "Dick" Chance, Chairman of the Board  
Louisiana State Board of Home Inspectors

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