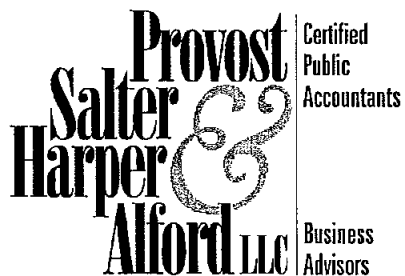


**LOUISIANA STATE LICENSING
BOARD FOR CONTRACTORS
GOVERNOR'S OFFICE
STATE OF LOUISIANA**

FINANCIAL REPORT

December 31, 2014



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LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

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Certified
Public
Accountants

Business
Advisors

INDEPENDENT AUDITOR'S REPORT

Governor's Office
Louisiana State Licensing Board for Contractors
State of Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana State Licensing Board for Contractors, a component unit of the State of Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Louisiana State Licensing Board for Contractors' management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Licensing Board for Contractors as of December 31, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for postemployment benefits on pages 4 through 9 and pages 29 and 30, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements. The schedule of per diem paid board members on page 32 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to agency head on page 33 is presented to comply with the requirements issued by the State of Louisiana, and is not a required part of the basic financial statements.

The schedule of per diem paid board members and the schedule of compensation, benefits and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid board members and the schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated April 15, 2015 on our consideration of the Louisiana State Licensing Board for Contractors' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Louisiana State Licensing Board for Contractors' internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC



April 15, 2015
Baton Rouge, Louisiana

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Louisiana State Licensing Board for Contractors' (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended December 31, 2014. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which begins on page 10.

FINANCIAL HIGHLIGHTS

The Board's total net position increased by \$342,916 or 7.3%.

The operating revenues of the Board increased \$493,012 or 9.8%.

The non-operating revenues of the Board decreased \$2,317 or 11.6%.

The operating expenses of the Board increased \$231,174 or 4.7%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information, as may be applicable, and the Board includes a schedule of Board Members' Per Diem as Other Supplementary Information. Other than the MD&A, the Board's required supplementary information includes the Statement of Revenues and Expenditures and Changes in Net Position – Budget (Legal) and Actual – Enterprise Fund and the Schedule of Funding Progress for Postemployment Benefits. These reports fulfill the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by the Governmental Accounting Standards Board in GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis-for State and Local Governments*.

BASIC FINANCIAL STATEMENTS

The basic financial statements of the Board present information about the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows and related notes to the financial statements.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

The Statement of Net Position (Statement A) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of the Louisiana State Licensing Board for Contractors is improving or deteriorating.

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

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

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

The following presents condensed financial information on the operations of the Board:

	Current Year as of and for the year ended December 31, 2014	Prior Year as of and for the year ended December 31, 2013
Current assets	\$ 10,221,140	\$ 9,531,916
Capital assets	2,997,434	3,110,558
Total assets	<u>13,218,574</u>	<u>12,642,474</u>
Current liabilities	4,041,387	4,013,894
Noncurrent liabilities	4,145,157	3,939,466
Total liabilities	<u>8,186,544</u>	<u>7,953,360</u>
Net investment in capital assets	2,997,434	3,110,558
Unrestricted	2,034,596	1,578,556
Total net position	<u>\$ 5,032,030</u>	<u>\$ 4,689,114</u>
Operating revenues	\$ 5,525,598	\$ 5,032,586
Operating expenses	5,200,369	4,969,195
Operating income (loss)	325,229	63,391
Non-operating revenues	17,687	20,004
Change in net position	<u>\$ 342,916</u>	<u>\$ 83,395</u>

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana**

Management's Discussion and Analysis, Continued

CAPITAL ASSETS AND DEBTS

Capital Assets

The Board's investment in capital assets as of December 31, 2014, amounts to \$2,997,434 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and operating facilities, office furniture and equipment, and vehicles. The total decrease in the Board's investment in capital assets for the current fiscal year was 3.6%.

During the current fiscal year the Board purchased a generator and a digital recorder.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTOR'S CAPITAL ASSETS
(net of accumulated depreciation)**

	2014	2013
Land and improvements	\$ 547,744	\$ 549,958
Buildings and operating facilities	2,400,105	2,486,627
Office, furniture and equipment	28,326	43,602
Vehicles	21,259	30,371
	\$ 2,997,434	\$ 3,110,558

Additional information on the Board's capital assets can be found in note 3 of the financial statements.

Debts

The Board has not financed purchases or activities through external borrowing or incurring debt, and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees as well as a liability recorded for other postemployment benefits. Both are described in the notes to the financial statements.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS AND ACTUAL RESULTS

The Board's annual budget is on a modified accrual basis of accounting excluding certain non-exchange revenues and non-cash items, such as accrued earnings of compensated absences and depreciation expense. A comparison of budget to actual operations is a required supplementary statement and is presented in Schedule 1 on page 29.

For the year ended December 31, 2014, actual revenue was 105.8% of budgeted amounts.

For the year ended December 31, 2014, total expenditures were 93.3% of budgeted amounts.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Louisiana State Licensing Board for Contractors (LSLBC) is doing more, doing it better, more efficiently, and has streamlined operations to serve the public and the construction industry. All State Governments and regulatory agencies throughout the country are faced with the same challenges, and LSLBC has taken it on with positive results.

Applications and renewal of licenses have been expedited tremendously with online computer services that eliminate numerous steps in the process. Contractors save time and money, and staff eliminates the confusion and bulk paper train that can be misplaced in the postal world.

Trade examination for licenses has also been computerized for scheduling and completion that simplifies the process. The contractor can schedule the trade exam at his or her convenience, and upon completion of the final question of the test, a notification of pass or fail is provided instantly. Making phone calls or waiting on letters mailed to the applicant are days of the past. In addition to examination testing at the agency office in Baton Rouge, LSLBC has partnered with satellite offices in Alexandria, Bossier City, Lake Charles, and New Orleans for the convenience of trade examinations.

The compliance and enforcement of our contractor licensing laws is a major function of this agency. Partnerships and cooperative efforts with permit offices and other law enforcement agencies are critical for our capabilities to serve the public. Consumers and business owners have the responsibility to check references and verify licensure before hiring or paying a contractor for services. To further this effort, LSLBC launched a new website in 2014, along with a free mobile app to instantly allow Apple and Android users to verify licensure or file a complaint. The app, LA. Contractor, can be downloaded free at the Apple and Google stores.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

Cheap prices and things that sound too good to be true are clear warning signs for unlicensed and fraudulent actions.

Louisiana is in the midst of an industrial boom unlike any other in our history. The State has over \$100 billion in industrial projects either under construction or in the engineering and design phase. It is projected that the state will add another 63,500 jobs in the next 2 years. The key factors that are driving this boom period include the following: 1) the national real gross product growth should average less than 3% a year; 2) the oil price is expected to drop; and 3) the natural gas price in the U.S. is expected to increase about 20 cents per million British thermal units and we anticipate the price of this fuel in Europe to remain about three times higher than the domestic price, enabling Louisiana's chemical industries to consume a large portion of Europe's share of the world chemical market.

Louisiana has the greatest concentration of crude oil refineries, natural gas processing plants and petrochemical production facilities in the Western Hemisphere. Louisiana is the nation's #2 producer of oil and natural gas (if production from the federal waters in the Gulf is included). Louisiana contains just under 10 percent of all known U.S. oil reserves and is the country's third largest producer of petroleum.

For the state as a whole, it is projected that there will be robust progress over the next two years, adding 34,100 jobs in 2015 and 32,600 jobs in 2016. Louisiana began setting employment records in January 2013 and has been steadily increasing ever since. If the projections are on target, Louisiana will have more than 2,000,000 non-farm employees sometime in 2015 for the first time in history.

(Selected excerpts under "Economic Factors" are taken from The Louisiana Economic Outlook: 2015 and 2016, by Loren C. Scott, James A. Richardson, and Judy S. Collins, published in October 2014; the U.S. Census Bureau; and press releases from the Louisiana Department of Economic Development.)

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Louisiana State Licensing Board for Contractors, 2525 Quail Drive, Baton Rouge, LA 70808.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Statement of Net Position

December 31, 2014

ASSETS**Current Assets**

Cash and cash equivalents	\$ 5,627,834
Certificates of deposit	4,550,000
Investments	1,048
Other current assets	42,258
	<hr/>
Total current assets	10,221,140

Noncurrent Assets

Property and equipment, net of accumulated depreciation of \$ 1,518,165	2,997,434
	<hr/>

Total Assets

13,218,574

LIABILITIES**Current Liabilities**

Accounts payable	784,693
Refunds payable	10,062
Due to Contractor's Educational Trust Fund	415,583
Unearned revenues	2,747,940
Current portion of long-term liabilities:	
Compensated absences payable	83,109
	<hr/>

Total current liabilities

4,041,387

Noncurrent Liabilities

Noncurrent compensated absences	175,660
Other postemployment benefits	3,969,497
	<hr/>

Total noncurrent liabilities

4,145,157

Total Liabilities

8,186,544

NET POSITION

Net investment in capital assets	2,997,434
Unrestricted	2,034,596
	<hr/>

Total net position

\$ 5,032,030

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

*Statement of Revenues, Expenses and
Changes in Net Position*

Year Ended December 31, 2014

Operating Revenues	
Licenses, permits and fees	\$ 5,525,598
Operating Expenses	
Personal services	3,840,890
Enforcement mileage reimbursement	109,885
Travel	60,953
Operating services	770,050
Supplies	93,772
Professional services	206,200
Depreciation	118,223
Capital outlay	396
Total operating expenses	<u>5,200,369</u>
Operating Income	<u>325,229</u>
Non-Operating Revenues	
Investment income	<u>17,687</u>
Change in Net Position	342,916
Total Net Position, Beginning	<u>4,689,114</u>
Total Net Position, Ending	<u><u>\$ 5,032,030</u></u>

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Statement C

Statement of Cash Flows

Year Ended December 31, 2014

Cash Flows From Operating Activities:	
Cash received from licensees and applicants	\$ 5,175,345
Cash received on behalf of others	99,590
Cash paid for agency liabilities	(13,504)
Cash paid to employees for services	(3,638,075)
Cash paid to suppliers for goods and services	(946,477)
	<u>676,879</u>
Net Cash Provided By (Used In) Operating Activities	
Cash Flows From Capital and Related Financing Activities	
Purchase of capital assets	<u>(5,099)</u>
Cash Flows From Investing Activities	
Purchase of certificate of deposit	(4,550,000)
Maturities of certificate of deposit	4,550,000
Redemption of investments	(101)
Interest received on investments	17,687
	<u>17,586</u>
Net Cash Provided By (Used In) Investing Activities	
Net Increase (Decrease) In Cash And Cash Equivalents	
	689,366
Cash and Cash Equivalents	
Beginning of year	<u>4,938,468</u>
End of year	<u>\$ 5,627,834</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating income (loss)	\$ 325,229
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	118,223
(Increase) decrease in assets:	
Other current assets	243
Increase (decrease) in liabilities:	
Compensated absences payable	14,200
Refunds payable	(32,020)
Accounts payable	278,156
Unearned revenue	(318,233)
Due to Contractor's Educational Trust Fund	99,590
OPEB liability	191,491
	<u>676,879</u>
Net Cash Provided By (Used In) Operating Activities	
	<u>\$ 676,879</u>

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements

December 31, 2014

1. INTRODUCTION

The Louisiana State Licensing Board for Contractors (Board) is a component unit of the State of Louisiana created within the Governor's office, as provided by Louisiana Revised Statute (R.S.) 37:2150. The Board is statutorily composed of 15 members appointed by the Governor, who serve terms of two to six years. In addition, the Residential Building Contractors Subcommittee consist of 5 members appointed by the Governor and 2 ex officio members, the Chairman and Vice Chairman, appointed by the Louisiana State Licensing Board of Contractors. The Board is charged with the responsibility of licensing and regulating contractors doing business in the state of Louisiana. In addition, it is responsible for the health, safety, and general welfare of all contractees and the affording of such persons of an effective and practical protection against incompetent, inexperienced, unlawful, and/or fraudulent acts of contractors. Furthermore, legislative intent is that the Board shall monitor construction projects to ensure compliance with the licensure requirements. The Board's operations are financed with self-generated revenues, such as license, examination, and other related fees. As of December 31, 2014, there were approximately 24,208 licensed contractors in the state. The Board has 51 full-time employees.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

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

Fund Accounting. All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

The Board uses the following practices in recording revenues and expenses:

Revenues

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.

Expenses

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

Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Unearned Revenues

Unearned revenues arise when potential revenues are collected or received prior to being earned.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

Agency Transactions

The Board acts as an agent for certain transactions relative to the Contractor's Educational Trust Fund and optional contributions to Louisiana Universities. When acting in this capacity, they do not treat the receipt of funds as revenue, nor do they record an expenditure when they disburse the assets to the recipient. Instead, they act as a go-between.

Budget Practices. The Board submitted its annual budget to the various agencies prescribed by R.S. 39:1331-1342, in accordance with R.S. 36:803. The budget for fiscal year ended December 31, 2014, was adopted by the Board on November 21, 2013, and is prepared and reported on a modified accrual basis of accounting. Although budgeted amounts lapse at year end, the Board retains its unexpended fund balance to fund expenditures of succeeding years.

Cash, Cash Equivalents, and Investments. Cash and cash equivalents include petty cash, demand deposits, and certificates of deposit with original maturities of 90 days or less. Certificates of deposit with original maturities extending beyond 90 days are considered certificates of deposit. Under state law, the Board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Board may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principle offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificates of accounts of federal or state chartered credit unions.

Capital Assets. Capital assets consist of office and computer equipment, vehicles and the office building and are capitalized at historical costs. These assets, net of accumulated depreciation, are included on the Statement of Net Position. The Board follows the Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. However, according to the Office of Statewide Reporting and Accounting Policy's instructions, only equipment valued at or over \$5,000 and computer software valued at or over \$1,000,000 are capitalized and depreciated for financial statement purposes. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Notes to Financial Statements, Continued

December 31, 2014

The useful lives are as follows:

Computer equipment	5 years
Office furniture and equipment	6-10 years
Vehicles	5 years
Buildings and building improvements	7-40 years
Land improvements	20 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Long-term Obligations. Long term obligations at December 31, 2014 include compensated absences and other post employment benefit obligations.

Employee Compensated Absences. Employees of the Board earn and accumulate annual and sick leave at varying 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.

Upon separation or transfer, unused compensatory leave earned hour for hour by non-exempt employees shall be paid in accordance with the following schedule, at the final regular rate received by the employee, calculated in accordance with State Civil Service Rule 21.5(a). All additional such unused leave may be paid or cancelled and shall not be recredited to him upon his reemployment in that or any other department.

360 hours must be paid after January 1, 2003

450 hours must be paid after January 1, 2004

All hours must be paid after January 1, 2005

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statement in the period in which the leave is earned.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

Net Position. Net position comprises the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following two components as applicable:

Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted consists of all other net assets that are not invested in capital assets.

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events. In preparing these financial statements, the Board has evaluated events and transactions for potential recognition or disclosure through April 15, 2015, which is the date the financial statements were available to be issued.

2. Deposits and Investments

Deposits. At December 31, 2014, the Board has deposits totaling \$10,177,834 (book balances) as follows:

Petty cash	\$ 400
Demand deposits	5,627,434
Certificates of Deposit	<u>4,550,000</u>
Total	<u>\$ 10,177,834</u>

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or 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 or exceed 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 acceptable to both parties.

At December 31, 2014, the Board has \$9,545,922 in deposits (collected bank balances). These deposits are secured from risk by \$3,750,000 of federal deposit insurance and \$6,628,350 of pledged securities.

Investments. The \$1,048 in investments at December 31, 2014 are invested in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, these investments are not categorized above because they are not evidenced by securities that exist in physical or book entry form.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP is rated AAAM by Standard & Poor's. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost and fair value. For purposes of determining participants' shares, investments are valued at amortized cost. The fair value of the participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

3. Capital Assets

A summary of changes in property and equipment for the year ended December 31, 2014 is as follows:

	Beginning of Year	Additions	Reductions	End of Year
Land and improvements	\$ 577,719	\$ -	\$ -	\$ 577,719
Buildings and operating facilities	3,379,221	-	-	3,379,221
Office, furniture and equipment	508,004	5,099	-	513,103
Vehicles	45,556	-	-	45,556
	<u>4,510,500</u>	<u>5,099</u>	<u>-</u>	<u>4,515,599</u>
Less accumulated depreciation	1,399,942	118,223	-	1,518,165
	<u>\$ 3,110,558</u>	<u>\$ (113,124)</u>	<u>\$ -</u>	<u>\$ 2,997,434</u>

4. Pension Plan

Plan Description. Substantially all employees of the Board are members of the Louisiana State Employees' Retirement System (LASERS), a cost-sharing, single-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 Constitution 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 (225) 922-0600.

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary if they were hired before July 1, 2006. Employees hired on or after July 1, 2006 contribute 8 percent of their annual covered salary and the Board (as the employer) is required to contribute at an actuarially determined rate. The employer rate was 31.3% through June and increased to 37.0% of covered payroll as of July. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Board's employer contributions to LASERS for the years ending December 31, 2014, 2013 and 2012 were \$777,144, \$631,262, and \$478,160 respectively, and were equal to the required contributions for each year.

5. Postemployment Health Care and Life Insurance Benefits

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all employees of the Board become eligible for these benefits if they reach normal retirement age of the applicable retirement system while working for the Board and are covered by an active medical plan immediately prior to retirement.

Plan Description. Employees of the Board may participate in the State of Louisiana's OPEB Plan which is administered by the Office of Group Benefits (OGB). The State OGB Plan provides medical and life insurance benefits to eligible active employees, retirees, and their beneficiaries. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy. The contribution requirements of plan members and the Board are established and may be amended by Louisiana Revised Statute 42:801-883. The plan is currently financed on a pay-as-you-go basis. Employees do not contribute to their postemployment benefit cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule.

Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Health Maintenance Organization (HMO) plan, and the Medical Home HMO Plan. OGB also offers a Consumer Driven Health Plan with a Health Savings Account option (CDHP-HAS) for active employees. Retired employees who have Medicare Part A and Part B coverage also have access to Medicare Advantage plans which are offered on a calendar year basis. During calendar year 2014, there were two HMO plans offered by different companies.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
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Notes to Financial Statements, Continued

December 31, 2014

Depending upon the plan selected and level of coverage, during the year ended December 31, 2014, total monthly premiums for a retiree members receiving benefits range from \$330 to \$1,265 per month for coverage with Medicare, from \$998 to \$1,859 per month for coverage without Medicare, and from \$151 to \$502 for retirees who select a Medicare Advantage plan. Employer contributions for retirees are based on plan premiums and the employer contribution percentage. This percentage is based on the original date of participation in an OGB Plan (before or after January 1, 2002) and employee years of participation in the State OGB Plan before retirement. Employees who began participation before January 1, 2002, pay approximately 25% of the cost of medical coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). For those beginning participation on or after January 1, 2002, the percentage of premiums contribution based on the following schedule:

<u>Years of Participation</u>	<u>Employee Contribution Percentage</u>	<u>Employer Contribution Percentage</u>
Under 10 years	81%	19%
10 -14 years	62%	38%
15 - 19 years	44%	56%
20+ years	25%	75%

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by The Prudential Insurance Company of America. The total monthly premium, of which the employer pays one-half of the employees' premiums, is approximately \$1.08 and \$0.98 per thousand dollars of coverage for the retiree and spouse, respectively, Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability The Board's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liability (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal year 2014 is \$404,900.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Notes to Financial Statements, Continued

December 31, 2014

The following schedule presents the components of the Board's annual OPEB cost for the fiscal years ended December 31, 2014, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation to the OPEB plan:

Annual Required Contribution (ARC)	\$ 404,900
Interest on Net OPEB Obligation	151,100
Adjustment of ARC	<u>(144,400)</u>
Annual OPEB Cost	411,600
Contribution (amounts paid by the government during year for OPEB)	<u>(220,109)</u>
Increase in Net OPEB Obligations	191,491
OPEB obligation at beginning of year (1/1/2014)	<u>3,778,006</u>
OPEB obligation at end of year (12/31/2014)	<u><u>\$ 3,969,497</u></u>

Annual OPEB Cost. The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31, 2014, 2013 and 2012 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percent of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2012	\$ 396,900	62.07%	\$ 3,628,105
12/31/2013	\$ 373,100	59.82%	\$ 3,778,006
12/31/2014	\$ 411,600	53.48%	\$ 3,969,497

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Notes to Financial Statements, Continued

December 31, 2014

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2014 was as follows:

Actuarial accrued liability (AAL)	\$ 5,879,300
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability	<u>\$ 5,879,300</u>
Funded ratio (actuarial value of plan assets/ AAL)	0.00%
Covered payroll (active plan members)	\$ 2,372,250
UAAL as a percentage of covered payroll	247.84%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in AAL consistent with the long-term perspective of the calculations.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
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Notes to Financial Statements, Continued

December 31, 2014

The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience.

A summary of the actuarial assumptions is presented as follows:

	<u>Fiscal Year 2014</u>
Actuarial valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level % of payroll
Amortization period	30 years, open
Asset valuation method	None
Actuarial assumptions:	
Discount rate	4%
Projected salary increase	3%
Health care inflation rate	6%-8%
Health care inflation rate - ultimate	4.50%

6. Deferred Compensation Plan

Certain employees of the Board participate 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 70804-9397.

7. Litigation and Claims

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the State's risk management program, or by State General Fund appropriation.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
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Notes to Financial Statements, Continued

December 31, 2014

8. Unearned Revenue

Unearned revenue of \$2,747,940, as reflected on Statement A, represents payments received from applicants for licenses for periods subsequent to December 31, 2014.

9. Long-term Obligations

The following is a summary of long-term obligation transactions, which consist of compensated absences and OPEB obligations for the year ended December 31, 2014:

	OPEB Liability	Compensated Absences
Balance at January 1, 2014	\$ 3,778,006	\$ 247,445
Additions	411,600	130,897
Deductions	(220,109)	(119,573)
Balance at December 31, 2014	<u>3,969,497</u>	<u>258,769</u>
Less amount classified as current	-	<u>83,109</u>
Noncurrent	<u>\$ 3,969,497</u>	<u>\$ 175,660</u>

10. Agency Transactions

In 1991, the Board established the Contractor's Educational Trust Fund (CETF) with an initial transfer of \$2.9 million of surplus board funds. CETF was established to promote, encourage, and further the accomplishment of all activities that are or may benefit all persons engaged or interested in the construction vocation and the affording of such persons of effective and practical education, training, and instructions in the art of proper and lawful construction contracting in and for the State of Louisiana and other such activities that have a public purpose. The initial transfer of \$2.9 million was used to fund various endowed professorships and chairs at Louisiana's colleges and universities for construction-related education. These funds were partially matched by the Board of Regents.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Notes to Financial Statements, Continued

December 31, 2014

R.S. 37:2162 requires the Board to remit any fines and penalties collected less attorney's fees, courts costs and processing costs to the CETF upon the completion of the financial audit. Therefore, the fines and the corresponding liability to the Trust are recognized when the fines are collected. In 2014, the Board issued fines of \$1,300,056 with receipts for current and previous year's fines of \$415,583. CETF is administered by a group of trustees and continues to fund educational programs related to the construction vocation.

The Attorney General of Louisiana, in Attorney General Opinion 01-0264, has concluded that once the fines are remitted to the CETF, all of the Board's title and interest in the fines are transferred to the CETF trustees and the Board's fiduciary capacity over the fines ceases.

In 2013, House Bill 1420 was repealed that enacted R.S. 37:2156(c)(3) which provided that the Board shall include on each license renewal form issued to a contractor an optional election, whereby the contractor may choose to donate additional funds to a specified public university within Louisiana that offers an accredited, degreed program in the field of construction management. Any such donated funds received by the Board shall be remitted to the university chosen by the contractor. Any such donated funds received by the university shall be used solely for the benefit of their construction management programs.

R.S. 37:2156(c)(3) was amended and reenacted by House Bill 421 in the 2013 Regular session; (3)(a) The board shall assess on each license renewal issued to a contractor an additional fee of one hundred dollars per year to be dedicated and allocated as provided in this Paragraph to any public university in this state or any community college school of construction management or construction technology in this state that is accredited by either the American Council for Construction Education or the Accreditation Board for Engineering and Technology. The board shall include on each license renewal form issued to a contractor an optional election whereby the contractor may choose to not participate in the remission of the additional one hundred dollar dedication fee. (b) Each January, each accredited public university or community college school of construction management or construction technology shall report to the board the number of graduates from its school of construction management or construction technology from the previous calendar year. (c) Any and all funds collected pursuant to this Paragraph shall be disbursed to the accredited public university or community college schools of construction management or construction technology by August first of each year upon completion of the annual audit of the board. The funds shall be used by the accredited public university or community college schools of construction management or construction technology solely for the benefit of their program and the expenditure of such funds shall be approved by the industry advisory council or board for the program. The funds collected pursuant to this Paragraph shall be in addition to any other monies received by such schools and are intended to supplement and not replace, displace, or supplant any

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
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Notes to Financial Statements, Continued

December 31, 2014

other funds received from the state or from any other source. Any school of construction management or construction technology that experiences a decrease in the funding appropriated to them by the accredited public university or community college as determined by the industry advisory council or board for the program shall be ineligible for participation under the provisions of this Paragraph, and the monies from the fund for such school of construction management or construction technology shall be redistributed on a pro rata basis to all other accredited and eligible schools. (d) The funds collected pursuant to this Subsection shall be distributed as follows: (i) One-half on a pro rata basis to each accredited public university or community college school of construction management or construction technology. (ii) One-half pro rata to each accredited public university school of construction management or construction technology based on the total number of graduates from the previous calendar year from each school as reported to the board. (e) No funds shall be allocated to any public university or community college school of construction management or construction technology that does not maintain current and active accreditation as required by this Paragraph.

At December 31, 2014, included in cash and cash equivalents was \$490,458 collected on behalf of State Universities. The offsetting liability is included in accounts payable.

11. Refunds Payable

Refunds payable result from overpayments received in the application and renewal of licenses. The Board's policy is to refund these overpayments once the licensing or renewal processes are complete. Refunds payable at December 31, 2014 were \$10,062.

12. Lease Commitments

The Board has commitments with non-state entities to lease certain equipment. Future minimum rental commitments for equipment operating leases as of December 31, 2014 are as follows:

Years Ending December 31,	
2015	\$ 11,321

The total rental expense under the operating leases equaled \$22,850 at December 31, 2014.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Required Supplementary Information

December 31, 2014

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS, GOVERNOR'S OFFICE, STATE OF LOUISIANA

Statement of Revenues, Expenditures and

Year Ended December 31, 2014

Changes in Net Position

Budget (Legal Basis) and Actual - Enterprise Fund

	Budgeted Amounts		Actual Amounts GAAP Basis	Nonbudgeted Items and Adjustments	Actual (Budgetary Basis)	Budget to GAAP Differences Favorable (Unfavorable)
	Original	Final				
Revenues						
Licenses, permits and fees	\$ 4,943,000	\$ 5,220,000	\$ 5,525,598	\$ -	\$ 5,525,598	\$ 305,598
Investment income	17,000	17,000	17,687	-	17,687	687
Total revenues	<u>4,960,000</u>	<u>5,237,000</u>	<u>5,543,285</u>	<u>-</u>	<u>5,543,285</u>	<u>306,285</u>
Expenditures						
Personal services	3,864,000	3,864,000	3,840,890	(139,623) (1) & (3)	3,701,267	162,733
Travel	202,120	215,620	170,838	-	170,838	44,782
Operating services	533,880	790,180	770,050	(63,192) (3)	706,858	83,322
Supplies	104,000	109,000	93,772	-	93,772	15,228
Professional services	255,000	255,000	206,200	-	206,200	48,800
Capital outlay	-	-	396	5,099 (2)	5,495	(5,495)
Depreciation	-	-	118,223	(118,223) (2)	-	-
Total expenditures	<u>4,959,000</u>	<u>5,233,800</u>	<u>5,200,369</u>	<u>(315,939)</u>	<u>4,884,430</u>	<u>349,370</u>
Excess of revenue over (under) expenditures and other sources	<u>\$ 1,000</u>	<u>\$ 3,200</u>	<u>342,916</u>	<u>315,939</u>	<u>658,855</u>	<u>\$ 655,655</u>
Total net position						
Beginning			<u>4,689,114</u>	<u>110,191</u> (4)	<u>4,799,305</u>	
Ending			<u>\$ 5,032,030</u>	<u>\$ 426,130</u>	<u>\$ 5,458,160</u>	

Explanation of differences:

(1) Compensated absences are budgeted on the modified accrual basis. Under accounting principles generally accepted in the United States of America, these costs are recognized when the benefit is earned - \$11,324

(2) Capital assets are recognized for budget purposes when purchased. Under accounting principles generally accepted in the United States of America, such capital assets are recognized as long-lived assets and depreciation is recognized over the life of the assets, as well as any loss on disposal.

(3) GASB 45 requires recording an expense for the annual OPEB cost of \$128,299 and interest of \$63,192

(4) The amount reported as "Net Position" on the budgetary basis of accounting derives from the basis of accounting used in preparing the Board's budget. This amount differs from the fund balance reported in the statement of revenues, expenditures, and changes in fund net position due to the cumulative effect of transactions such as those described above.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Schedule of Funding Progress for Postemployment Benefits

Years Ended December 31, 2012, 2013, and 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ -	\$ 5,784,400	\$ 5,784,400	0.00%	\$ 1,863,078	310.48%
7/1/2012	\$ -	\$ 5,923,000	\$ 5,923,000	0.00%	\$ 2,260,956	261.97%
7/1/2013	\$ -	\$ 5,879,300	\$ 5,879,300	0.00%	\$ 2,372,250	247.84%

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Other Supplementary Information

December 31, 2014

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Schedule of Per Diem Paid Board Members

Year Ended December 31, 2014

	Days	Amount
State Licensing Board for Contractors		
Lloyd Badeaux	14	\$ 1,050
Noah Broussard, Jr.	2	150
William Clouatre	12	900
George Crain, Jr.	1	75
Nelson Dupuy, Jr.	13	975
Courtney Fenet, Jr.	10	750
August Gallo, Jr.	17	1,275
Danny Graham	10	750
Kenneth Jones	13	975
Donald Lambert	12	900
Chester Lee Mallett	16	1,200
Garland Meredith	8	600
Christopher Stuart	11	825
Byron Talbot	15	1,125
Art Walker	11	825
Victor Weston	11	825
Residential Building Contractors Subcommittee		
Lloyd Badeaux	10	750
Nick Castjohn	10	750
Karon Gibson	12	900
Chester Lee Mallett	7	525
William Ward, Jr.	11	825
Jodi Penn	2	150
Wesley Wyman, Jr.	12	900
		<u>\$ 18,000</u>

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:2154 and are included in the expenditures of the General Fund. Board members are paid \$75 per day for board meetings and official business.

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

*Schedule of Compensation, Benefits and Other Payments to
Agency Head*

Year Ended December 31, 2014

Agency Head Name: Michael B. McDuff

Purpose	
Salary	\$ 145,296
Benefits-insurance	9,858
Benefits-retirement	49,974
Cell phone	900
Dues	475
Reimbursements	2,981
Travel	1,787
Registration fees	720
Conference travel	1,239
	<hr/>
	\$ 213,230



Certified
Public
Accountants

Business
Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Governor's Office
Louisiana State Licensing Board for Contractors
State of Louisiana

We have audited, 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, the financial statements of the Louisiana State Licensing Board for Contractors, a component unit of the State of Louisiana, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Louisiana State Licensing Board for Contractors' basic financial statements, and have issued our report thereon dated April 15, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana State Licensing Board for Contractors' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Licensing Board for Contractors' internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Licensing Board for Contractor's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Licensing Board for Contractors' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC



April 15, 2015
Baton Rouge, Louisiana

**LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS,
GOVERNOR'S OFFICE, STATE OF LOUISIANA**

Schedule of Compliance Findings and Recommendations

December 31, 2014

Internal control over financial reporting.

No matters were reported.

Noncompliance or other matters material to the financial statements.

No matters were reported.

Management letter.

No Management letter issued.