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

FINANCIAL REPORT

December 31, 2015

Provost Salter Harper & Alford LLC
Certified Public Accountants
Business Advisors

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

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Provost Salter Harper & Alford LLC
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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, 2015, 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.

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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, 2015, 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, the schedule of funding progress for postemployment benefits, the schedule of employer's proportionate share of the net pension liability, and the schedule of employer's pension contributions on pages 4 through 9 and schedules 1, 2, 3 and 4, 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 schedule 5 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 schedule 6 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 29, 2016 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

Provost, Salter, Harper & Alford, LLC

April 29, 2016
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, 2015. 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 follows this section.

FINANCIAL HIGHLIGHTS

The Board's total net position decreased by $7,041,235 or 139.9%. A prior period adjustment was required by adoption of GASB 68 and 71 to recognize the Board's share of unfunded retirement liabilities that reduced net assets by $7,099,375.

The operating revenues of the Board increased $321,021 or 5.8%.

The non-operating revenues of the Board increased $2,474 or 14.0%.

The operating expenses of the Board increased $608,271 or 11.7%.

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 schedules of Board Members' Per Diem and Compensation, Benefits and Other Payments to Agency Head 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, the Schedules of Funding Progress for Postemployment Benefits, Employer's Proportionate Share of the Net Pension Liability, and Employer's Pension Contributions. 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.

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, 2015	(Restated) Prior Year as of and for the year ended December 31, 2014
Current assets	**$ 12,123,387**	$ 10,221,140
Capital assets	**2,895,807**	2,997,434
Deferred outflows	**468,071**	414,975
Total assets	**15,487,265**	13,633,549
Current liabilities	**5,003,945**	4,041,387
Noncurrent liabilities	**12,290,099**	11,659,507
Deferred inflows	**202,426**	-
Total liabilities	**17,496,470**	15,700,894
Net investment in capital assets	**2,895,807**	2,997,434
Unrestricted	**(4,905,012)**	(5,064,779)
Total net position	**$ (2,009,205)**	$ (2,067,345)
Operating revenues	**$ 5,846,619**	$ 5,525,598
Operating expenses	**5,808,640**	5,200,369
Operating income (loss)	**37,979**	325,229
Non-operating revenues	**20,161**	17,687
Change in net position	**$ 58,140**	$ 342,916

CAPITAL ASSETS AND DEBTS

Capital Assets

The Board's investment in capital assets as of December 31, 2015, amounts to $2,895,807 (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 3.4%.

During the current fiscal year the Board purchased servers.

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

	2015	**2014**
Land and improvements	$ **545,530**	$ 547,744
Buildings and operating facilities	**2,312,434**	2,400,105
Office, furniture and equipment	**25,695**	28,326
Vehicles	**12,148**	21,259
	$ **2,895,807**	$ 2,997,434

Additional information on the Board's capital assets can be found in note 4 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 liabilities recorded for other postemployment benefits and net pension liability. Both are described in the notes to the financial statements.

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.

For the year ended December 31, 2015, actual revenue was 108.3 % of budgeted amounts.

For the year ended December 31, 2015, total expenditures were 90.2% of budgeted amounts.

NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED

The Board adopted the following recently issued GASB Standards in the preparation of this Annual Financial Report:

The Board adopted GASB Statement No. 68 "Accounting and Financial Reporting for Pensions, an amendment of GASB Statements No. 27." The adoption of GASB 68 required substantial changes to the financial statements of the Board. The Board recognized a net pension liability as of the end of the prior fiscal year and to recognize deferred inflows and outflows based on changes in actual and projected experience based on actuarial studies.

The Board also adopted GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date". Under GASB Statement 71, the Board recognizes deferred outflow of resources for its contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The adoption of GASB 71 required substantial changes to the financial statements of the Board.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The regulations and enforcement of the contractor licensing laws of Louisiana is the purpose and mission of this agency, to protect the citizens of this state as well as the integrity of the construction industry.

LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS
Baton Rouge, Louisiana

Management's Discussion and Analysis, Continued

The Louisiana State Licensing Board for Contractors (LSLBC) applauds so many contractors and construction trade associations that do things the right way to build a better Louisiana. Professionalism and high standards of excellence separate the very good from the very bad. Unfortunately, in Louisiana and throughout the country there are so many unqualified, unscrupulous fraud and scam artists that cause great damage and financial losses to consumers. For these reasons, the licensing and enforcement of our contractor licensing laws are so important.

Partnerships and cooperative efforts with permit offices, the Attorney General's Office, the Louisiana Department of Insurance, District Attorney and Sheriff Offices, and other agencies are critical to better serve the public. Consumers and business owners have the responsibilities to check references and verify licensure before hiring and paying a contractor. Cheap prices provided with no written contract nor actual physical office address, are clear warnings signs for unlicensed and fraudulent actions. The licensed and professional contractor carries all required insurances and pays taxes to the State of Louisiana. The unlicensed contractor does not. Everyone loses.

Our website, www.lacontractor.org and mobile app, are free, easy tools to use in the verification of licensure.

Louisiana is a major energy producing state. In fact, Louisiana is ranked second in production of both oil and natural gas if the Gulf waters are included. When energy prices are strong, the state prospers. When oil prices are declining, the economy weakens – especially for certain areas of the State. The continued decline in oil through much of 2014 and 2015 has resulted in a weaker short-term economic outlook compared to recent years. However, forecasted growth in other sectors will offset the economic effects of low oil prices. These sectors include construction, healthcare, technology, and manufacturing. In total, the State is projected to add 15,400 jobs in 2016 (up 0.8%) and 19,600 jobs in 2017 (up 1%).

(Selected excerpts under "Economic Factors" are taken from The Louisiana Economic Outlook: 2016 and 2017, by Loren C. Scott, James A. Richardson, and Judy S. Collins, published in October 2015.)

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, 2015***

ASSETS	
Current Assets	
Cash and cash equivalents	**$ 7,023,303**
Certificates of deposit	**5,050,000**
Investments	**708**
Other current assets	**49,376**
Total current assets	**12,123,387**
Noncurrent Assets	
Property and equipment, net of accumulated depreciation of $ 1,635,090	**2,895,807**
Deferred Outflows of Resources	**468,071**
Total Assets	**15,487,265**
LIABILITIES	
Current Liabilities	
Accounts payable	**999,679**
Refunds payable	**15,625**
Due to Contractor's Educational Trust Fund	**344,214**
Unearned revenues	**3,556,347**
Current portion of long-term liabilities:	
Compensated absences payable	**88,080**
Total current liabilities	**5,003,945**
Noncurrent Liabilities	
Noncurrent compensated absences	**181,396**
Other postemployment benefits	**4,168,349**
Net pension liability	**7,940,354**
Total noncurrent liabilities	**12,290,099**
Total Liabilities	**17,294,044**
Deferred Inflows of Resources	**202,426**
Total Liabilities and deferred inflow of resources	**17,496,470**
NET POSITION	
Net investment in capital assets	**2,895,807**
Unrestricted	**(4,905,012)**
Total net position	**$ (2,009,205)**

See Notes to Financial Statements.

Statement B

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, 2015***

Operating Revenues		
Licenses, permits and fees	$	**5,846,619**
Operating Expenses		
Personal services		**4,531,788**
Enforcement mileage reimbursement		**103,731**
Travel		**60,603**
Operating services		**722,787**
Supplies		**103,150**
Professional services		**169,656**
Depreciation		**116,925**
Capital outlay		-
Total operating expenses		**5,808,640**
Operating Income		**37,979**
Non-Operating Revenues		
Investment income		**20,161**
Change in Net Position		**58,140**
Total Net Position, Beginning, Restated (Note 14)		**(2,067,345)**
Total Net Position, Ending	$	**(2,009,205)**

See Notes to Financial Statements.

Statement C

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

Statement of Cash Flows ***Year Ended December 31, 2015***

Cash Flows From Operating Activities:		
Cash received from licensees and applicants	$	**6,660,589**
Cash received on behalf of others		**344,214**
Cash paid for agency liabilities		**(415,583)**
Cash paid to employees for services		**(3,746,895)**
Cash paid to suppliers for goods and services		**(952,059)**
Net Cash Provided By (Used In) Operating Activities		**1,890,266**
Cash Flows From Capital and Related Financing Activities		
Purchase of capital assets		**(15,298)**
Cash Flows From Investing Activities		
Purchase of certificate of deposit		**(5,050,000)**
Maturities of certificate of deposit		**4,550,000**
Redemption of investments		**340**
Interest received on investments		**20,161**
Net Cash Provided By (Used In) Investing Activities		**(479,499)**
Net Increase (Decrease) In Cash And Cash Equivalents		**1,395,469**
Cash and Cash Equivalents		
Beginning of year		**5,627,834**
End of year	$	**7,023,303**

Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income (loss)	$	**37,979**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation		**116,925**
Pension Expense		**575,334**
(Increase) decrease in assets:		
Other current assets		**(7,118)**
Increase (decrease) in liabilities:		
Compensated absences payable		**5,736**
Refunds payable		**5,563**
Accounts payable		**219,957**
Unearned revenue		**808,407**
Due to Contractor's Educational Trust Fund		**(71,369)**
OPEB liability		**198,852**
Net Cash Provided By (Used In) Operating Activities	$	**1,890,266**

See Notes to Financial Statements.

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, 2015, there were approximately 24,367 licensed contractors in the state. The Board has 50 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 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.

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, 2015, was adopted by the Board on December 18, 2014, 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.

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, 2015 include compensated absences, other post-employment benefit obligations and pension liabilities that will not be paid within the next fiscal year.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees Retirement System (LASERS) and additions to/deductions from LASERS fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 re-credited 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.

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 29, 2016, which is the date the financial statements were available to be issued.

Current Year Adoption of New Accounting Standards. The Board adopted the following recently issued GASB Standards in the preparation of this Annual Financial Report:

The Board adopted GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date, The adoption of GASB 68 and 71 required significant changes to the financial statements of the Board. The principal objective of these Statements is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees-both active employees and inactive employees-are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

2. Deficit Net Position

The single proprietary (enterprise) fund had a deficit in unrestricted net position at December 31, 2015 of ($1,583,201). The deficit was caused by the current year adoption of GASB 68 and GASB 71 which caused the Board to record its proportionate share of pension liability from the LASERS system. This deficit will be eliminated by increasing revenues and/or reducing expenditures.

3. Deposits and Investments

Deposits. At December 31, 2015, the Board has deposits totaling $12,073,303 (book balances) as follows:

Petty cash	**$ 400**
Demand deposits	**7,022,903**
Certificates of Deposit	**5,050,000**
Total	**$ 12,073,303**

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, 2015, the Board has $12,096,915 in deposits (collected bank balances). These deposits are secured from risk by $4,250,000 of federal deposit insurance and $8,177,114 of pledged securities.

Investments. The $708 in investments at December 31, 2015 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.

4. Capital Assets

A summary of changes in property and equipment for the year ended December 31, 2015 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	513,103	15,298	14,754	513,647
Vehicles	45,556	-	-	45,556
	4,515,599	15,298	14,754	4,516,143
Less accumulated depreciation	1,518,165	116,925	14,754	1,620,336
	$ 2,997,434	$ (101,627)	$ -	$ 2,895,807

5. Pension Plan

Plan Description

Substantially all employees of the Board are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of LASERS rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement benefits under any one of six different options providing for reduced retirement benefits payable throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Retirement Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

Permanent Benefit Increases/Cost-of-Living Adjustments

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended December 31, 2015 for the plan follows:

Plan	Plan Status	Employee Contribution Rate	Employer Contribution Rate
January 1 -June 30, 2015			
Regular Employees hired before 7/1/2006	Closed	7.5%	37.0%
Regular Employees hired on or after 7/1/2006	Closed	8.0%	37.0%
July - December 31, 2015			
Regular Employees hired before 7/1/2006	Closed	7.5%	37.2%
Regular Employees hired on or after 7/1/2006	Open	8.0%	37.2%
Regular Employees hired after 1/1/2011	Open	8.0%	37.2%

The Board's contractually required composite contribution rate for the year ended December 31, 2015 was 37.1% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the Board were $841,465 for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Employer reported a liability of $7,940,354 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Board's proportion of the Net Pension Liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Board's proportion was .1167%, which was a decrease of .0034% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Board recognized pension expense of $496,856 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions ($65,104).

At December 31, 2015, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,615	$ 65,037
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	7,181
Changes in proportion and differences between Board contributions and proportionate share of contributions	-	130,208
Board contributions subsequent to the measurement date	457,456	-
Total	$ 468,071	$ 202,426

$457,456 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	LASERS
2016	$ (184,348)
2017	(119,311)
2018	(59,514)
2019	171,362

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	3 years
Investment Rate of Return	7.75% per annum
Inflation Rate	3.0% per annum
Mortality	**Non-disabled members -** Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. **Disabled members** – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members
Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.0%	13.0%
Judge	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous Duty	3.6%	14.5%
Wildlife	3.6%	14.5%

Cost of Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

	Long-Term Expected Real Rate of Return	
Asset Class	**Target Allocation**	**2015**
Cash	0.00%	0.24%
Domestic equity	27.00%	4.56%
International equity	30.00%	5.67%
Domestic Fixed Income	10.00%	2.24%
International Fixed Income	2.00%	3.64%
Alternative Investments	24.00%	7.82%
Global Tactical Asset Allocation	7.00%	3.70%
Total Fund	100.00%	5.66%

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2015 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

Included in accrued expense liabilities is $13,953 payable to the System which was remitted subsequent to December 31, 2015.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Board's proportionate share of the net pension liability	**$ 10,022,441**	**$ 7,940,354**	**$ 6,172,154**

6. 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 Heath 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 2015, there were three HMO plans offered by two different companies.

Depending upon the plan selected and level of coverage, during the year ended December 31, 2015, total monthly premiums for a retiree members receiving benefits range from $336 to $711 per month for coverage with Medicare, from $1,034 to $2,147 per month for coverage without Medicare, and from $195 to $621 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:

Years of Participation	Employee Contribution Percentage	Employer Contribution Percentage
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 2015 is $425,400.

The following schedule presents the components of the Board's annual OPEB cost for the fiscal years ended December 31, 2015, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation to the OPEB plan:

Annual Required Contribution (ARC)	$	425,400
Interest on Net OPEB Obligation		158,800
Adjustment of ARC		(151,700)
Annual OPEB Cost		432,500
Contribution (amounts paid by the government during year for OPEB)		(233,648)
Increase in Net OPEB Obligations		198,852
OPEB obligation at beginning of year (1/1/2015)		3,969,497
OPEB obligation at end of year (12/31/2015)	$	4,168,349

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, 2015, 2014 and 2013 were as follows:

Fiscal Year Ended		Annual OPEB Cost	Percent of Annual OPEB Cost Contributed		Net OPEB Obligation
12/31/2013	$	373,100	59.82%	$	3,778,006
12/31/2014	$	411,600	53.48%	$	3,969,497
12/31/2015	$	432,500	54.02%	$	4,168,349

Funded Status and Funding Progress. The funded status of the plan as of December 31, 2015 was as follows:

Actuarial accrued liability (AAL)	**$ 6,307,900**
Actuarial value of plan assets	**-**
Unfunded actuarial accrued liability	**$ 6,307,900**
Funded ratio (actuarial value of plan assets/ AAL)	**0.00%**
Covered payroll (active plan members)	**$ 2,471,904**
UAAL as a percentage of covered payroll	**255.18%**

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.

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:

	Fiscal Year 2015
Actuarial valuation date	July 1, 2014
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	7%-8%
Health care inflation rate - ultimate	4.50%

7. 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.

8. 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.

9. Unearned Revenue

Unearned revenue of $3,556,347, as reflected on Statement A, represents payments received from applicants for licenses for periods subsequent to December 31, 2015.

10. 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, 2015:

	Balance December 31, 2014	Additions	Reductions	Balance June 30, 2015	Amounts Due Within One Year
Compensated absences payable	$ 175,660	$ 240,735	$ (146,919)	$ 269,476	$ 88,080
Net pension liability	7,514,350	1,126,159	(700,155)	7,940,354	-
OPEB payable	3,969,497	432,500	(233,648)	4,168,349	-
Total long-term liabilities	$ 11,659,507	$ 1,799,394	$ (1,080,722)	$ 12,378,179	$ 88,080

11. 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.

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 2015, the Board issued fines of $1,826,780 with receipts for current and previous year's fines of $344,214. 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 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, 2015, included in cash and cash equivalents was $784,896 collected on behalf of State Universities. The offsetting liability is included in accounts payable.

12. 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, 2015 were $15,625.

13. 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, 2015 are as follows:

Years Ending December 31,	
2016	**$ 12,584**

The total rental expense under the operating leases equaled $23,583 at December 31, 2015.

14. Changes in Accounting Principles

The beginning fund balance and net position as reflected on Statement B have been restated to reflect the following adjustments:

	Net Position
Balance at December 31, 2014	**$ 5,032,030**
Implementation of GASB:	
Recognition of net pension liability	**(7,514,350)**
Recognition of deferred outflows for employer contributions subsequent to the measurement date	**414,975**
Balance at December 31, 2014, as restated	**$ (2,067,345)**

Schedule 1

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

Statement of Revenues, Expenditures and Changes in Net Position
Budget (Legal Basis) and Actual - Enterprise Fund

Year Ended December 31, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts GAAP Basis	Nonbudgeted Items and Adjustments		Actual (Budgetary Basis)	Budget to GAAP Differences Favorable (Unfavorable)
Revenues							
Licenses, permits and fees	$ 5,399,500	$ 5,399,500	$ 5,846,619	$ -		$ 5,846,619	$ 447,119
Investment income	15,500	15,500	20,161	-		20,161	4,661
Total revenues	5,415,000	5,415,000	5,866,780	-		5,866,780	451,780
Expenditures							
Personal services	4,101,700	4,101,700	4,531,788	(719,273)	(1),(3),&(4)	3,812,515	289,185
Travel	196,000	200,000	164,334	-		164,334	35,666
Operating services	749,300	776,300	722,787	(65,621)	(3)	657,166	119,134
Supplies	103,000	103,000	103,150	-		103,150	(150)
Professional services	255,000	255,000	169,656	-		169,656	85,344
Capital outlay	360,000	20,000	-	15,298	(2)	15,298	4,702
Depreciation	-	-	116,925	(116,925)	(2)	-	-
Total expenditures	5,765,000	5,456,000	5,808,640	(886,521)		4,922,119	533,881
Excess of revenue over (under) expenditures and other sources	$ (350,000)	$ (41,000)	58,140	886,521		944,661	$ 985,661
Total net position							
Beginning			5,032,030	426,130	(5)	5,458,160	
Ending			$ 5,090,170	$ 1,312,651		$ 6,402,821	

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 of $10,708

(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 $133,231 and interest of $65,621

(4) GASB 68 requires recording an expense for the annual Pension cost of $575,344.

(5) 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 ***Year Ended December 31, 2015***

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2012	$ -	$ 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%
7/1/2014	$ -	$ 6,307,900	$ 6,307,900	0.00%	$ 2,471,904	255.18%

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

Schedule of Employer's Proportionate Share of the Net Pension Liability ***Year Ended December 31, 2015***

Fiscal Year*	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a % of its Covered-Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
LASERS:					
2015	0.1167%	$7,940,354	$2,342,660	338.95%	65.02%
2014	0.1202%	$7,514,350	$2,250,257	333.93%	58.64%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of June 30, 2015.

*The amounts presented have a measurement date of June 30, 2015.

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

Schedule of Employer's Pension Contributions — *Year Ended December 31, 2015*

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contracually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered-Employee Payroll	Contributions as a Percentage of Covered' Employee Payroll
LASERS:					
2015	$841,465	$841,465	$ -	$2,342,660	35.92%
2014	$777,144	$777,144	$ -	$2,250,257	34.54%
2013	$631,262	$631,262	$ -	$2,045,487	30.86%
2012	$478,160	$478,160	$ -	$1,733,211	27.59%
2011	$410,194	$410,194	$ -	$1,712,583	23.95%
2010	$397,747	$397,747	$ -	$1,837,600	21.64%
2009	$391,606	$391,606	$ -	$2,262,057	17.31%
2008	$386,521	$386,521	$ -	$1,991,691	19.41%
2007	$363,312	$363,312	$ -	$1,868,661	19.44%
2006	$323,874	$323,874	$ -	$1,687,557	19.19%

LASERS

Changes of Benefit Terms include:

- A 1.5% COLA, effective July 1, 2014, provided by Act 102 of the 2014 Louisiana Regular Legislative Session, and,
- Improved benefits for certain members employed by the Office of Adult Probation and Parole within the Department of Public Safety and Corrections, as established by Act 852 of 2014.

Changes of Assumptions

There were no changes of benefit assumptions for the year ended December 31, 2015.

Schedule 5

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

Schedule of Per Diem Paid Board Members ***Year Ended December 31, 2015***

	Days	Amount
State Licensing Board for Contractors		
Lloyd Badeaux	13	$ 975
Noah Broussard, Jr.	13	975
William Clouatre	12	900
Nelson Dupuy, Jr.	13	975
Courtney Fenet, Jr.	10	750
August Gallo, Jr.	11	825
Danny Graham	13	975
Kenneth Jones	14	1,050
Donald Lambert	14	1,050
Chester Lee Mallett	10	750
Garland Meredith	11	825
Christopher Stuart	13	975
Byron Talbot	11	825
Art Walker	11	825
Victor Weston	16	1,200
Residential Building Contractors Subcommittee		
Lloyd Badeaux	3	225
Nick Castjohn	11	825
Karon Gibson	12	900
Kenneth Jones	9	675
Chester Lee Mallett	10	750
William Ward, Jr.	13	975
Jodi Penn	-	-
Wesley Wyman, Jr.	12	900
		$ 19,125

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, 2015***

Agency Head Name: Michael B. McDuff

Purpose		
Salary	$	**160,219**
Benefits-insurance		**10,579**
Benefits-retirement		**59,769**
Deferred compensation		**12,000**
Cell phone		**863**
Dues		**475**
Reimbursements		**600**
Travel		**779**
Registration fees		**720**
Conference travel		**1,399**
	$	**247,403**

Provost Salter Harper & Alford LLC
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, 2015, 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 29, 2016.

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.

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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 statement 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

Provost, Salter, Harper & Alford, LLC

April 29, 2016
Baton Rouge, Louisiana

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

Schedule of Compliance Findings and Recommendations ***December 31, 2015***

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.