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LOUISIANA STATE BOARD
OF PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
STATE OF LOUISIANA

REVIEW / ATTESTATION

YEAR ENDED JUNE 30, 2006

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

Release Date

9/20/06

LOUISIANA STATE BOARD OF
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PRIVATE INVESTIGATOR EXAMINERS
STATE OF LOUISIANA

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LOUISIANA STATE BOARD OF
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PRIVATE INVESTIGATOR EXAMINERS
STATE OF LOUISIANA

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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

ERIC J. VICKNAIR, CPA (APC)

GLYNN R. DYER, CPA (APC), (RETIRED)

Independent Accountants' Review Report

Louisiana State Board of Private Investigator Examiners
Department of Public Safety and Corrections
State of Louisiana

We have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business type activities of the Board of Private Investigator Examiners of the State of Louisiana as of and for the year ended June 30, 2006, which collectively comprise the Louisiana State Board of Private Investigator Examiners' basic financial statements as listed under statements in the table of contents. These financial statements reported in the AFR are the responsibility of the Louisiana State Board of Private Investigator Examiners' management.

Our review was conducted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the comptroller General of the United States of America. A review consists principally of inquiries of Board personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated August 24, 2006, on the results of our agreed-upon procedures.

Baton Rouge, Louisiana
August 24, 2006

Dyer & Vicknair

(SEND ALL CORRESPONDENCE TO THE BATON ROUGE ADDRESS)

2933 BRADLEY DRIVE, SUITE B
564 FERDINAND STREET

BATON ROUGE, LOUISIANA 70816
ST. FRANCISVILLE, LOUISIANA 70775

PHONE: (225) 292-1040
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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

ERIC J. VICKNAIR, CPA (APC)

GLYNN R. DYER, CPA (APC), (RETIRED)

Independent Accountants' Agreed-Upon Procedures Report

Louisiana State Board of Private Investigator Examiners
Department of Public Safety and Corrections
State of Louisiana

We have performed the procedures included in the *Louisiana Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana State Board of Private Investigator Examiners and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about of the Louisiana State Board of Private Investigator Examiners compliance with certain laws and regulations during the year ended June 30, 2006, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law) or R.S. 39:1551-39:1755 (the state procurement code, whichever is applicable).

No expenditures were made during the year for materials or supplies that exceeded \$20,000.

Code of Ethics for Public Officials and Public Employees

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

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

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

Management provided us with the required list.

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

(SEND ALL CORRESPONDENCE TO THE BATON ROUGE ADDRESS)

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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

None of the employees included on the list of employees provided by management (in agreed-upon procedure (3)) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

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

Management provided us with a copy of the original budget and the one amendment to the budget during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held on November 12, 2004, which indicated that the budget had been adopted by the commissioners of the Louisiana State Board of Private Investigator Examiners with no opposition.

We traced the adoption of the amendment to the budget to the minutes of a meeting held on November 15, 2005, which indicated that the amendment had been adopted by the commissioners of the Louisiana State Board of Private Investigator Examiners.

7. Compare the revenues and expenditures of the final budget to actual expenditures to determine if actual expenditures exceed budgeted amount by 10% or more per category or 5% in total.

We compared the expenditures of the final budget to actual expenditures. Actual expenditures for the year did not exceed budgeted amounts by more than 10% per category or 5% in total.

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

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

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

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

All of the six payments were properly coded to the correct general ledger account

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Executive Director.

DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:13 (the open meetings law).

The Louisiana State Board of Private Investigator Examiners is only required to post a notice of each meeting and the accompanying agenda on the door of the Board's office building. Management has asserted that such documents were properly posted and we find evidence supporting such assertion.

Debt

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

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

Advances and Bonuses

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

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

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

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

August 24, 2006
Baton Rouge, Louisiana

Dyer & Vicknair

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

August 24, 2006

Dyer & Vicknair

2933 Brakley Drive Suite B

Baton Rouge, LA 70816

In connection with your review of our financial statements as of June 30, 2006 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as August 24, 2006.

Public Bid Law

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

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

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

Yes [X] No []

Budgeting

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

Yes [X] No []

Accounting and Reporting

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

Yes [X] No []

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

Yes [x] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [x] No []

Meetings

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

Yes [x] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [x] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [x] No []

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

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

_____	Secretary	_____	Date
_____	Treasurer	8/24/06	Date
_____	President	_____	Date

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
SUMMARY SCHEDULE OF PRIOR YEAR'S FINDINGS
YEAR ENDED JUNE 30, 2006

There were no prior year findings.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF PRIVATE INVESTIGATOR EXAMINERS
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS
SCHEDULE OF BOARD MEMBERS' PER DIEM
YEAR ENDED JUNE 30, 2006

The Board members are not paid per diem.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2006

Board of Private Investigator Examiners

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

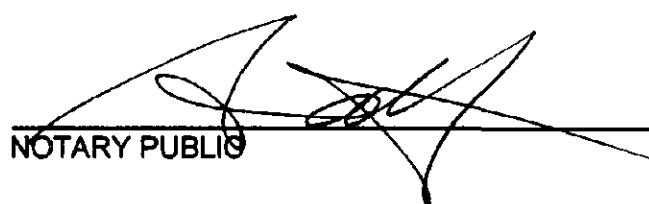
Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jim Brown, Executive Director of the Board of Private Investigator Examiners. who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Board of Private Investigator Examiners at June 30, 2006 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 29th day of August, 2006.



Signature of Agency Official



NOTARY PUBLIC

Notary Public
State of Louisiana
Notary No. 10450

Prepared by: Sharon Collier

Title: CPA

Telephone No.: 225-763-6006

Date: August 29, 2006

Board of Private Investigator Examiners
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

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L.	Contingent Liabilities
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Q.	Cooperative Endeavors
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- 1 Schedule of Per Diem Paid to Board Members
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- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 5 Schedule of Current Year Revenue and Expenses – Budgetary Comparison of Current Appropriation – Non GAAP Basis (**Only applicable for entities whose budget is appropriated by the legislature**)
- 8 Cash Basis Schedule of Expenditures of Federal Awards
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- A Instructions for the Simplified Statement of Activities
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- C Information for Note BB – Net assets Restricted by Enabling Legislation
- D Information for Note CC – Impairment of Capital Assets

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
BALANCE SHEET
AS OF JUNE 30, 2006**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>188,713</u>
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		<u>800</u>
Notes receivable		
Other current assets (Accrued Interest)		<u>2,235</u>
Total current assets		<u>191,748</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>1,681</u>
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>1,681</u>
Total assets	\$	<u>193,429</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>10,939</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>10,939</u>

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		<u>13,197</u>
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>13,197</u>
Total liabilities		<u>24,136</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>1,681</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>167,612</u>
Total net assets		<u>169,293</u>
Total liabilities and net assets	\$	<u>193,429</u>

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____ 19,118
Use of money and property	_____
Licenses, permits, and fees	_____ 218,484
Other	_____
Total operating revenues	_____ 237,602
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	_____ 261,778
Depreciation	_____ 1,854
Amortization	_____
Total operating expenses	_____ 263,632
Operating income(loss)	_____ (26,030)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	_____ 9,423
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	_____ 9,423
Income(loss) before contributions, extraordinary items & transfers	_____ (16,607)
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	_____ (16,607)
Total net assets – beginning as restated	_____ 185,900
Total net assets – ending	\$ _____ 169,293

The accompanying notes are an integral part of this financial statement.

Statement B

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006**

See Appendix A for instructions

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
BTA	\$ 263,632	\$ 237,602	\$	\$ (26,030)
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				9,423
Miscellaneous				
Special items				
Extraordinary Item - Loss on Impairment of Capital Assets				
Transfers				
Total general revenues, special items, extraordinary losses, and transfers				9,423
Change in net assets				(16,607)
Net assets - beginning				185,900
Net assets - ending				\$ 169,293

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities

Cash received from customers	\$ 237,601	
Cash payments to suppliers for goods and services	(149,539)	
Cash payments to employees for services	(115,078)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		\$ (27,016)

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers In		
Transfers Out		
Other		
Net cash provided(used) by non-capital financing activities		-

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	9,161	
Net cash provided(used) by investing activities		9,161

Net increase(decrease) in cash and cash equivalents (17,855)

Cash and cash equivalents at beginning of year 206,568
 Cash and cash equivalents at end of year \$ 188,713

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)	\$	<u>(26,030)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	1,854	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	0	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	0	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	613	
Increase(decrease) in accrued payroll and related benefits	912	
Increase(decrease) in compensated absences payable	(4,365)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	0	
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities	 \$	 <u><u>(27,016)</u></u>

Schedule of noncash investing, capital, and financing activities: none

Borrowing under capital lease	\$	_____
Contributions of fixed assets		_____
Purchases of equipment on account		_____
Asset trade-ins		_____
Other (specify)		_____
_____		_____
_____		_____
Total noncash investing, capital, and financing activities:	\$	<u><u>-</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

INTRODUCTION

The Board of Private Investigator Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:3501 et. sec. The following is a brief description of the operations of the Board of Private Investigator Examiners, which includes the parish/parishes in which the Board is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board of Private Investigator Examiners present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board of Private Investigator Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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.

Expense Recognition

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

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Board of Private Investigator Examiners are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>263,500</u>
Amendments:	<u>5,000</u>
	<u> </u>
	<u> </u>
Final approved budget	\$ <u><u>268,500</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board of Private Investigator Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>42,715</u>	\$ <u>145,951</u>	\$ _____	\$ <u>188,666</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	_____	_____	_____	-
b. Uninsured and collateralized with securities held by the pledging institution	_____	<u>45,951</u>	_____	<u>45,951</u>
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	-
Total Bank Balances - All Deposits	\$ <u>45,521</u>	\$ <u>145,951</u>	\$ _____	\$ <u>191,472</u>

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. JPMorgan Chase Bank Commercial Checking	# 000007900694657	\$ <u>45,147</u>
2. Chase Bank Business Custom Checking	# 000007900535885	<u>374</u>
3. Hibernia (Capital One)	Cert of Deposit # 524816	<u>145,951</u>
4. _____	_____	_____
Total		\$ <u>191,472</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>47</u>

2. INVESTMENTS (NOT APPLICABLE)

The Board of Private Investigator Examiners does not maintain investment accounts.

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year ended June 30, 2006						Balance 6/30/2006
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 6/30/2005	Additions	Transfers*	Retirements	
Capital assets not being depreciated							
Land	\$	\$	\$	--	\$	\$	\$ --
Non-depreciable land improvements				--			--
Capitalized collections				--			--
Construction in progress				--			--
Total capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets							
Furniture, fixtures, and equipment	\$ 27,684	\$	\$ 27,684	\$	\$	\$	\$ 27,684
Less accumulated depreciation	(24,149)		(24,149)	(1,854)			(26,003)
Total furniture, fixtures, and equipment	3,535	--	3,535	(1,854)	--	--	1,681
Buildings and improvements			--				--
Less accumulated depreciation			--				--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure			--				--
Less accumulated depreciation			--				--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	\$ 3,535	\$ --	\$ 3,535	\$ (1,854)	\$ --	\$ --	\$ 1,681
Capital Asset Summary:							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	27,684	--	27,684	--	--	--	27,684
Total cost of capital assets	27,684	--	27,684	--	--	--	27,684
Less accumulated depreciation	(24,149)	--	(24,149)	(1,854)	--	--	(26,003)
Capital assets, net	\$ 3,535	\$ --	\$ 3,535	\$ (1,854)	\$ --	\$ --	\$ 1,681

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

E. INVENTORIES (NOT APPLICABLE)

The Board of Private Investigator Examiners has not inventories.

F. RESTRICTED ASSETS (NOT APPLICABLE)

The Board of Private Investigator Examiners has no restricted assets at June 30, 2006.

G. LEAVE

1. COMPENSATED ABSENCES

The Board of Private Investigator Examiners has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various 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.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2006 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ -0-. The leave payable is not recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Two of the employees of the Board of Private Investigator Examiners are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

Vested employees eligible to begin participation in the DBP before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after 7/1/2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, within qualifications and amounts define by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, specifically footnotes A- Plan Description and C-Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_05.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_05.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Board of Private Investigator Examiners is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2006, increased to 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and 2004, respectively. The Board's contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$9,006, \$5,402, and \$4,681, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits: **(NOTE: Ensure that the number of retirees is disclosed below)**

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

*If the cost of any post retirement health care or life insurance benefits for retirees cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed (part b below).

The Board of Private Investigator Examiners has no retired employees. Substantially all Board of Private Investigator Examiners employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the Board. The Board recognizes the cost of providing these benefits (the Board's portion of the premiums) as an expenditure when paid during the year, which was \$-0- for the year ended June 30, 2006.

The cost of providing those benefits for -0- retirees is not separable from the cost of providing benefits for the 3 active employees.

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006**

J. LEASES

NOTE: Where we are requesting five-year amounts, please list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2006 amounted to \$ 28,860. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012- 2016</u>	<u>FY2017- 2021</u>
Office Space	\$ 28,860	\$ 28,860	\$ 28,860	\$ 14,430			
Total	\$ 28,860	\$ 28,860	\$ 28,860	\$ 14,430	\$ -	\$ -	\$ -

2. CAPITAL LEASES (NOT APPLICABLE)

There are no capital leases to recognize in the accompanying financial statements.

3. LESSOR DIRECT FINANCING LEASES (NOT APPLICABLE)

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

4. LESSOR – OPERATING LEASE (NOT APPLICABLE)

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

	Balance June 30, 2005	Year ended June 30, 2006		Balance June 30, 2006	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	--
Reimbursement contracts payable					--
Bonds payable					--
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable					--
Compensated absences payable	17,562	6,784	11,149	13,197	
Capital lease obligations					--
Claims and litigation					--
Liabilities payable from restricted assets					--
Other long-term liabilities					--
Total other liabilities	<u>17,562</u>	<u>6,784</u>	<u>11,149</u>	<u>13,197</u>	<u>--</u>
Total long-term liabilities	\$ <u>17,562</u>	\$ <u>6,784</u>	\$ <u>11,149</u>	\$ <u>13,197</u>	\$ <u>--</u>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. Do not report impaired capital assets below as defined by GASB 42, rather disclose impaired capital assets in Note CC. Losses or pending litigation that is probable should be reflected on the balance sheet.

The Board of Private Investigator Examiners is not a defendant in litigation seeking damages at this time, except for a case (Tricia Isom, plaintiff) being handled by the Office of Risk Management

Date of Action	Description of Litigation and Probable outcome (remote, reasonably possible or probable)	*Damages Claimed	Insurance Coverage
		\$	\$
Totals		\$	\$

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006**

M. RELATED PARTY TRANSACTIONS (NONE – NOT APPLICABLE)

There are no related party transactions to report.

N. ACCOUNTING CHANGES

No accounting changes were made during the year.

O. IN-KIND CONTRIBUTIONS (NONE – NOT APPLICABLE)

P. DEFEASED ISSUES (NOT APPLICABLE)

Q. COOPERATIVE ENDEAVORS (NOT APPLICABLE)

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

No government-mandated nonexchange transactions were received during the fiscal year 2005-2006.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

NOT APPLICABLE

T. SHORT-TERM DEBT

The Board of Private Investigator Examiners does not issue short-term notes.

U. DISAGGREGATION OF RECEIVABLE BALANCES (NOT APPLICABLE)

Other than Accrued Interest Receivable, the Board of Private Investigator Examiners had no Receivables at June 30, 2006.

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 5,685	\$ 5,253	\$ -	\$ -	\$ 10,938
Total payables	\$ 5,685	\$ 5,253	\$ -	\$ -	\$ 10,938

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

W. SUBSEQUENT EVENTS

There are no material subsequent events to disclose

X. SEGMENT INFORMATION (NOT APPLICABLE)

Y. DUE TO/DUE FROM AND TRANSFERS (NOT APPLICABLE)

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS (NOT APPLICABLE)

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

No adjustments were made to restate beginning net assets for June 30, 2005.

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A June 30, 2006, \$ none are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to the instructions Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.

CC. IMPAIRMENT OF CAPITAL ASSETS (NOT APPLICABLE)

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendix D for more information on GASB 42 and Impaired Capital Assets.

The Board of Private Investigator Examiners has no assets which are considered impaired:

DD. EMPLOYEE TERMINATION BENEFITS (NONE - NOT APPLICABLE)

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 For the Year Ended June 30, 2006**

<u>Name</u>	<u>Amount</u>
	\$ _____
	\$ <u>NONE</u>

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
 June 30, 2006**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		NONE	NONE	NONE	NONE		NONE\$

*Send copies of new amortization schedules

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2006**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
Total		NONE	NONE	NONE	NONE		NONE

*Send copies of new amortization schedules

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006**

NOT APPLICABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ NONE	NONE	NONE	NONE		NONE

*Send copies of new amortization schedules

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2006**

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
Total	\$ <u>NONE</u>	\$ <u>NONE</u>

**STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 2006**

NOT APPLICABLE

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	Balance
2007	\$ _____	\$ _____	\$ _____	\$ --
2008	_____	_____	_____	--
2009	_____	_____	_____	--
2010	_____	_____	_____	--
2011	_____	_____	_____	--
2012-2016	_____	_____	_____	--
2017-2021	_____	_____	_____	--
2022-2026	_____	_____	_____	--
2027-2031	_____	_____	_____	--
 Total	 \$ <u>NONE</u>	 \$ <u>NONE</u>	 \$ <u>NONE</u>	 \$ <u>NONE</u>

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For The Year Ended June 30, 2006**

NOT APPLICABLE

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
Total	\$ <u>NONE</u>	\$ <u>NONE</u>

**STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2006**

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
Total	\$ <u>NONE</u>	\$ <u>NONE</u>

STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
 BUDGETARY COMPARISON OF CURRENT APPROPRIATION
 NON-GAAP BASIS
 June 30, 2006

	Financial Statement	Adjustments	ISIS Appropriation Report-08/14/06	Revised Budget	Variance Positive/(Negative)
Revenues:					
Intergovernmental Revenues	\$		\$	\$	-
Federal Funds					-
Sales of Commodities and Services					-
Other					-
Total appropriated revenues					-
Expenses:					
Cost of goods sold	\$		\$	\$	-
Personal services					-
Travel					-
Operating Services					-
Supplies					-
Professional services					-
Other charges					-
Capital outlay					-
Interagency transfers					-
Debt Service					-
Other:					-
Bad debts					-
Depreciation					-
Compensated absences					-
Interest Expense					-
Other (Identify)					-
Total appropriated expenses					-
Excess (deficiency) of revenues over expenses (budget basis)	\$	\$	\$	\$	\$

Note : Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature

STATE OF LOUISIANA
BOARD OF PRIVATE INVESTIGATOR EXAMINERS
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2006

Excess (deficiency) of revenues over expenses (budget basis)	\$ _____
Reconciling items:	
Cash carryover	_____
Use of money and property (interest income)	_____
Depreciation	_____
Compensated absences adjustment	_____
Capital outlay	_____
Disposal of fixed assets	_____
Change in inventory	_____
Interest expense	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ <u> -</u>

Note : Schedule 5 is only applicable for entities whose budget is appropriated by the legislature

Board of Private Investigator Examiners
(Schedule Not Applicable to this Board)

Schedule 8

Preparer: Sharon Collier

Phone Number: (225) 763-6006

Cash Basis

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

NOTE: If other than cash basis,
please attach description of basis used.

DUNS Number:

EIN Number: 72-

Federal Grantor	Pass-Through Entity	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Pass-through Entity's Number	Project Name	Award ID Number	Award Period	Cash Disbursements	Receipts/ Issues	Total
								\$	\$	\$
								\$	\$	\$
Total								\$	NONE	\$

Direct Awards:

Awards from a Pass-Through Entity:

Federal Grantor = the federal agency that provided the federal award to your entity or a pass-through entity.

Pass-Through Entity = the quasi-public agency, local government, other state government, public college or university in another state, et cetera, that provided the federal award to carry out a federal program, if applicable.

Program Name/Title and Cluster Name = the program name from the CFDA catalog; if not available, the name should be taken from the federal award document; the cluster name should come from these instructions if a program falls within a cluster, see pages 3 and 4 of instructions.

CFDA or Other Identifying No. = number presented on the federal award document; if a CFDA number is not available, an other identifying number must be provided along with the 2-digit federal agency prefix, i.e., federal award no., etc. (a list of 2-digit federal agency prefixes is attached, p. 14).

Pass-Through Entity Number = identifying number assigned by the pass-through entity, if applicable.

Project Name = the name of the grant or project as identified in the accounting records; if the project name is the same as the program, enter SAME.

Award ID = the grant, contract, etc., number that was assigned by the Federal grantor; this number is the number that is used when corresponding with the grantor.

Award Period = the period during which the assistance is available to your entity.

Cash Disbursements = the amount of indirect costs and actual cash disbursements made during the 12 months ended June 30, 2006, which have or will be funded with Federal funds.

Issues = the dollar value of food stamps, federal commodities, or other nonmonetary assistance issued during the 12 months ended June 30, 2006.

Total = the total amounts in the cash disbursements and issues columns.

Receipts = the receipt of property or the receipt of surplus property.

Board of Private Investigator Examiners
 (Schedule Not Applicable to this Board)

Schedule 8

Preparer: Sharon Collier

Phone Number: (225) 763-6006

DUNS Number:

Cash Basis
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2006

EIN Number: 72-

Loan Information (If applicable):

Federal Grantor	Program Name/Title and Cluster Name	CFDA or Other Identifying No.	Project Name	Outstanding Loan Balance
				\$

Total

\$ NONE / NA

STATE OF LOUISIANA
 BOARD OF PRIVATE INVESTIGATOR EXAMINERS
 COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 247,025	\$ 277,437	\$ - (30,412)	\$ -11%
Expenses	263,632	268,453	(4,821)	-2%
2) Capital assets	1,681	3,535	- (1,854)	-52%
Long-term debt	13,197	17,562	(4,395)	-25%
Net Assets	169,293	185,900	(16,607)	-9%
Explanation for change:	_____			

INSTRUCTIONS FOR THE SIMPLIFIED STATEMENT OF ACTIVITIES

Expenses - include all expenses, both operating and non-operating.

Program Revenues - include revenues derived from the program itself. These revenues reduce the net cost of the BTA's activities that must be financed from its general revenues. Program revenues should be reported in the following three categories:

Charges for services - include revenues based on exchange or exchange-like transactions. (An exchange transaction is one in which each party receives and gives up essentially equal values.) These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services.

Operating grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program and that may be used either for operating or capital expenses at the discretion of the BTA. (A non-exchange transaction is one in which an entity gives or receives value without directly receiving or giving equal value in return.)

Capital grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program and that are restricted for capital purposes only - to purchase, construct, or renovate capital assets associated with a specific program.

Net (Expense) Revenue - Program revenues minus expenses.

General Revenues - all revenues are general revenues unless they are specifically required to be reported as program revenues.

Taxes - include all taxes received here, as all are considered general revenues, even those levied for a specific purpose.

State appropriations - include warrants drawn during the fiscal year and the 13th period, plus 14th period if applicable.

Grants and contributions not restricted to specific programs - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations or individuals that are not restricted to a specific program.

Interest - any interest earned that is not required to be reported as program revenue (earnings on investments legally restricted to use by a specific program should be reported as program revenue).

Miscellaneous - any general revenues that do not specifically fall under one of the categories listed.

Special items - are significant items subject to management's control, that meet one of the following criteria:

1) unusual in nature - possessing a high degree of abnormality and clearly unrelated or only incidentally related to the ordinary and typical activities of the entity.

2) infrequent in occurrence- not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Extraordinary items - are both significant in nature and infrequent in occurrence.

Transfers - All Interfund activities involving the flow of resources between funds.

Change in net assets - net (expense) revenue plus general revenues and special items.

Net assets - beginning - net assets at the beginning of the fiscal year.

Net assets - ending - beginning net assets plus change in net assets.

INFORMATION FOR NOTE C "DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS"
(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- "Deposits with Financial Institutions" and "Investments" in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, "Deposits" in Note C may come from several line items on the balance sheet such as "Cash in Bank" and "CD's", or even "Investments" (See section III below that gives further guidance on what should be considered "Deposits" in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. "Deposits with Financial Institutions" section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits with Financial Institutions" (See "A" below for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD's. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – financial institution "money market" accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. "Investments" section of Note C:

- Types of investments for listing investments by type definitions/examples:
 1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
 3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
 4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
 5. Corporate Bonds
 6. Other (identify) – It is not appropriate to present material amounts of investments as "Other", unless the note disclosure describes the composition of the "Other" category. The following are examples of other investments:
 - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
 - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders' behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
 - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
 - e. Private placements, such as venture capital and limited partnerships
 - f. Investments in real estate, annuity contracts, and direct investments in mortgages

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk - defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk - defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk - defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk - defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral - Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized - When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.).

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. **Securities as Applied to Credit Risk of Deposits and Investments:**

Securities defined - a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts

INFORMATION FOR NOTE BB. - NET ASSETS RESTRICTED BY ENABLING LEGISLATION**Summary of GASB Statement No. 46 *Net Assets Restricted by Enabling Legislation*****Introduction**

The purpose of this GASB Statement 46 is to clear up a confusing area of GASB Statement 34 by giving a more clear definition of enabling legislation and legal enforceability and giving better guidance on how it should be reflected in net assets. The goal is to reduce the difficulty of interpreting the requirement in GASB 34 that the restrictions of net assets be "legally enforceable". This statement specifies the reporting requirements if new enabling legislation replaces existing enabling legislation, or if the legal enforceability evaluation changes. Further, the statement requires that governments disclose the portion of total net assets that is restricted by enabling legislation in the notes to the financial statements.

Enabling Legislation

Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external providers. In addition, it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal Enforceability

Per Statement 46, legal enforceability means that a party external to the government (citizens, public interest groups, judiciary) can compel the government to use the resources created by enabling legislation only for the purposes specified by the legislation. What is considered legally enforceable is a matter of professional judgment. Since enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur, the determination should be based on the facts and circumstances surrounding each individual restriction. A "blanket" or general determination regarding the legal enforceability of enabling legislation should not be used.

New Enabling Legislation Replacing Original Enabling Legislation

If new enabling legislation replaces original enabling legislation by establishing new legally enforceable restrictions on the resources raised by the original legislation, then the resources accumulated from that period forward should be reported as restricted for that purpose. However, existing resources accumulated under the original enabling legislation could be restricted for the original purpose, restricted for the purpose specified in the new legislation, or unrestricted. This determination would be a matter of professional judgment.

Reevaluation of Legal Enforceability

If resources are used for a purpose other than the purpose stipulated in the enabling legislation or some other factor causes a reconsideration, then the legal enforceability of those restricted resources should be reevaluated to determine if they should continue to be reported as restricted. If the reevaluation results in a determination that the restriction is no longer enforceable, then report the resources as unrestricted from the beginning of that period forward. If it is determined that the restrictions are still legally enforceable, then continue to report those resources as restricted net assets.

Note Disclosure Required

Governments should disclose the portion of total net assets that is restricted by enabling legislation at the end of the reporting period in the notes to the financial statements.

Effective Date and Transition

The requirements are effective for fiscal year ended June 30, 2006. The accounting changes adopted in applying this statement should be applied retroactively by reclassifying net asset information in the financial statements for all prior periods presented. In the first period the statement is applied, disclosure should be made of the nature of any reclassification and its effect. Also, an explanation of the reason for not reclassifying net assets for prior periods should be explained.

capitalized cost of the impaired movable property (whichever is greater), and the movable property's decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

For assets impaired by enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, or a change in the manner or expected duration of use, use the examples provided in GASB 42 for guidance in calculating the impairment loss. The thresholds developed by OSRAP for estimated restoration cost discussed above do not apply to these assets. Report capital assets impaired by construction stoppage at the lower of carrying value or fair value.

An insurance recovery associated with events or changes in circumstances resulting in impairment of a capital asset should be netted with the impairment loss when the recovery and the loss occur in the same year. Restoration or replacement of the capital asset using the insurance recovery should be reported as a separate transaction. Insurance recoveries should be disclosed if not apparent from the face of the financial statements.

GASB 42 requires that the carrying amount of impaired capital assets that are idle at year end be disclosed in the notes, regardless of whether the impairment is permanent or temporary. However, an impairment loss does not have to be calculated for a temporarily impaired asset. If management has to take action to reverse an impairment, such as restoration of a capital asset with physical damage, then the impairment should be considered permanent. In certain circumstances, temporary impairments could be associated with enactment or approval of laws or regulations or other changes in environmental factors, changes in technology or obsolescence, changes in manner or duration of use, or construction stoppage.

INFORMATION FOR NOTE CC: IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. GASB 42, paragraph 9 outlines five (5) common "indicators of impairment." They are:

- 1) Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- 2) Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.
- 3) Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
- 4) A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
- 5) Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used that will not be repaired

If the assets are going to be restored (category 2 and 3), then they need to be evaluated for impairment per GASB 42. If the assets will no longer be used (category 1) or will not be repaired (category 4), then an impairment loss per GASB 42 does not need to be calculated for those assets.

For assets impaired by physical damage, the restoration cost approach should be used to calculate the impairment loss. Under this approach, the amount of the impairment loss is derived from the estimated costs to restore the utility of the capital asset. According to the standard, an asset is not considered impaired unless its decline in service utility is significant; therefore, OSRAP has established impairment thresholds for assets impaired by physical damage. In order for an asset to be considered impaired by physical damage, the restoration cost (estimated restoration cost if the asset is not fully restored) of the impaired asset must be equal to or greater than the following:

Infrastructure	\$3 million per agency, per year
Building	Greater of \$100,000 or 20% of the capitalized cost of the building
Movable Property	Greater of \$20,000 or 20% of the capitalized cost of the asset

Infrastructure - The capitalization threshold of \$3 million should be used for infrastructure impaired by physical damage as the test of whether the magnitude in the decline in service utility is significant. Infrastructure will only be considered impaired if the total estimated restoration costs are equal to or greater than the capitalization threshold for infrastructure, or \$3 million per agency, per year. An impairment loss would be calculated on all infrastructure impaired during that year, regardless of the actual dollar value of the restoration cost of each individual infrastructure asset.

Buildings - The greater of the capitalization threshold, \$100,000, or 20 percent of the capitalized costs of the building impaired by physical damage should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the building is lower than the capitalization threshold or 20 percent of the capitalized cost of the impaired building (whichever is higher), we will not consider the "magnitude in the decline in service utility is significant" component of the impairment test to be met. If, however, the building's restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building's decline in service utility is "unexpected", we will conclude that the asset has met the impairment test criteria, and is impaired. Note: According to the provisions of GASB 42, an asset is impaired when there is a "significant" and "unexpected" decline in the service utility of a capital asset.

Movable property - For movable property, the impairment threshold is set at \$20,000. In addition, the greater of the impairment threshold for movable property, \$20,000, or 20 percent of the capitalized cost of the movable property should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the movable property is equal to or greater than the impairment threshold, \$20,000, or 20 percent of the