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

BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES

AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

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 1/7/09

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
BASIC FINANCIAL STATEMENTS  
WITH SUPPLEMENTAL INFORMATION SCHEDULES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

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## BASIC FINANCIAL STATEMENTS

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**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

To the Board Members of the  
Louisiana State Board of Private Security Examiners  
15730 Old Hammond Highway  
Baton Rouge, Louisiana 70816

We have audited the accompanying business-type activities of the Louisiana State Board of Private Security Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, as listed in the table of contents, which comprise the Board's basic financial statements. These financial statements are the responsibility of the Louisiana State Board of Private Security Examiners' management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

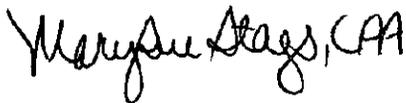
*Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, was issued by the Governmental Accounting Standards Board (GASB) in June of 2004. As a component unit of the State of Louisiana, the Louisiana State Board of Private Security Examiners was required to implement this statement as of and for the year ended June 30, 2008. It was not adopted, and as a result, liabilities were understated by approximately \$2,000,000 and the change in net assets was understated by approximately \$250,000. These amounts were derived from the actuarially determined amounts of an agency similar in size and payroll requirements to that of the Louisiana State Board of Private Security Examiners.

In our opinion, except for the effects of not implementing GASB Statement No. 45 as described in the preceding paragraph, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Private Security Examiners as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Louisiana State Board of Private Security Examiners' management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2008, on our consideration of the Louisiana State Board of Private Security Examiners' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
December 22, 2008

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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The purpose of this section is to offer a narrative overview and analysis of the Louisiana State Board of Private Security Examiners' (hereafter referred to as the Board) financial performance during the year ended June 30, 2008. This document focuses on the current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Overview of the Financial Statement Presentation**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplemental information. There is also other supplemental schedules and information contained in this report provided for additional information.

**Basic Financial Statements.** The basic financial statements present information for the Board as a whole. Statements in this section include the following:

*Statement of Net Assets.* This statement presents information on all of the Board's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or not.

*Statement of Revenues, Expenses and Changes in Fund Net Assets.* This statement presents information showing how the Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Board's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**Required Supplemental Information.** As a component unit of the State of Louisiana, the Board complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. The Louisiana Comprehensive Annual Financial Report completed with information relative to the Board is included as other required supplemental information.

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

**Financial Analysis of the Board**

Net assets are an indicator of the Board's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS**

|   | <u>2008</u>       | <u>2007</u>       |
|---|-------------------|-------------------|
| <b>Assets</b>                                   |                   |                   |
| Current assets                                  | \$ 170,744.85     | \$ 307,496.38     |
| Non-current assets                              | <u>489,247.83</u> | <u>442,090.06</u> |
| Total Assets                                    | 659,992.68        | 749,586.44        |
| <b>Liabilities</b>                              |                   |                   |
| Current liabilities                             | 53,000.07         | 57,047.25         |
| Non-current liabilities                         | <u>104,248.18</u> | <u>143,318.88</u> |
| Total Liabilities                               | <u>157,248.25</u> | <u>200,366.13</u> |
| <b>Net Assets</b>                               |                   |                   |
| Invested in capital assets, net of related debt | 346,191.26        | 319,017.54        |
| Unrestricted                                    | <u>156,553.17</u> | <u>230,202.77</u> |
| Total Net Assets                                | <u>502,744.43</u> | <u>549,220.31</u> |

Net assets of the Board decreased by \$46,476 or 8% from the prior year. This is due primarily because of decreased revenues and some unanticipated repairs to the facilities.

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS**

|  | <u>2008</u>         | <u>2007</u>         |
|--|---------------------|---------------------|
| <b>Operating Revenues</b>                | \$ 799,259.17       | \$ 922,495.98       |
| <b>Operating Expenses</b>                | <u>(860,204.02)</u> | <u>(781,864.63)</u> |
| Operating Income (Loss)                  | (60,944.85)         | 140,631.35          |
| <b>Non-operating Revenues (Expenses)</b> | <u>14,468.97</u>    | <u>(10,090.35)</u>  |
| Change in Net Assets                     | <u>(46,475.88)</u>  | <u>130,541.00</u>   |

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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Revenues decreased by \$102,667 or 11%. Expenses increased by \$78,340 or 10% of the prior year's expenses.

Cash flow activity of the Board for the past two years is as follows:

**STATEMENT OF CASH FLOWS**

|   | <u>2008</u>           | <u>2007</u>           |
|---|-----------------------|-----------------------|
| Cash and cash equivalents provided by (used for):           |                       |                       |
| Operating activities  | \$ (52,934.23)        | \$ 110,450.42         |
| Non-capital financing activities                            | 20,569.35             | .00                   |
| Capital and related financing activities                    | (56,180.24)           | (104,318.29)          |
| Investing activities  | <u>(48,206.41)</u>    | <u>3,051.92</u>       |
| <br>Net Increase (Decrease) in<br>Cash and Cash Equivalents | <br>(136,751.53)      | <br>9,184.05          |
| <br>Cash and cash equivalents, beginning of year            | <br><u>307,496.38</u> | <br><u>298,312.33</u> |
| <br>Cash and cash equivalents, end of year                  | <br><u>170,744.85</u> | <br><u>307,496.38</u> |

**Budgetary Highlights**

Operating revenues were \$48,713 more than the anticipated budget as amended. Expenses were \$21,209 less than budgeted amounts creating an operating income of \$27,504 more than expected. Greater detail regarding the budget to actual comparisons is located on page 24.

**Capital Asset and Debt Administration**

*Capital Assets:* The Board's investment in capital assets, net of accumulated depreciation and related debt, at June 30, 2008 and 2007, was \$346,191 and \$319,018, respectively.

The Board renovated its building to adapt one office into two and furnished this additional space at a cost of just under \$4,200. A website was also developed during the year for \$9,700.

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2008**

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Capital assets at year-end are summarized as follows:

|                               | <u>2008</u>       | <u>2007</u>       |
|-------------------------------|-------------------|-------------------|
| <b>Non-depreciable Assets</b> |                   |                   |
| Land                          | \$ 90,000.00      | \$ 90,000.00      |
| <b>Depreciable Assets</b>     |                   |                   |
| Buildings                     | 288,575.02        | 293,920.76        |
| Computer/equipment            | 47,601.15         | 44,925.30         |
| Automobiles                   | <u>11,206.00</u>  | <u>13,244.00</u>  |
| Total                         | <u>437,382.17</u> | <u>442,090.06</u> |

*Debt Administration:* Long-term debt of the Board includes compensated absences at amounts of \$42,941 and \$47,432 at June 30, 2008 and 2007.

At June 30, 2008, the Board had \$91,191 in notes outstanding with \$61,308 of that being payable over a long-term period ending in 2011. The Board met all debt obligations of this note during the year and plans to pay additional interest during the next year as funds are available.

**Request for Information**

This financial report is designed to provide a general overview of the Board's finances, comply with finance-related laws and regulations and demonstrate the Board's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. Wayne Rogillio, Executive Director, at 15703 Old Hammond Highway, Baton Rouge, Louisiana 70816, 225-272-2310.

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**FUND FINANCIAL STATEMENTS**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

|   | Business-type<br>Activities |
|---|-----------------------------|
| <b>ASSETS</b>                                   |                             |
| Current Assets                                  |                             |
| Cash and cash equivalents                       | \$ 170,744.85               |
| Non-Current Assets                              |                             |
| Investments                                     | 51,865.66                   |
| Land  | 90,000.00                   |
| Building  | 359,844.50                  |
| Computer/equipment                              | 73,717.95                   |
| Vehicles  | 44,903.90                   |
| Accumulated depreciation                        | (131,084.18)                |
| Total Non-Current Assets                        | 489,247.83                  |
| Total Assets                                    | 659,992.68                  |
| <b>LIABILITIES</b>                              |                             |
| Current Liabilities                             |                             |
| Accounts payable                                | 8,533.01                    |
| Payroll taxes withheld and related payables     | 12,920.17                   |
| Accrued salaries payable                        | 1,663.65                    |
| Notes payable - current portion                 | 29,883.24                   |
| Total Current Liabilities                       | 53,000.07                   |
| Non-Current Liabilities                         |                             |
| Notes payable                                   | 61,307.67                   |
| Compensated absences payable                    | 42,940.51                   |
| Total Non-Current Liabilities                   | 104,248.18                  |
| Total Liabilities                               | 157,248.25                  |
| <b>NET ASSETS</b>                               |                             |
| Invested in capital assets, net of related debt | 346,191.26                  |
| Unrestricted                                    | 156,553.17                  |
| Total Net Assets                                | 502,744.43                  |

See Accompanying Notes and Auditors' Report

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
YEAR ENDED JUNE 30, 2008**

|  | <u>Business-type<br/>Activities</u> |
|--|-------------------------------------|
| <b>OPERATING REVENUES</b>                |                                     |
| Licenses and other fees                  | \$ 799,259.17                       |
| <b>OPERATING EXPENSES</b>                |                                     |
| Salaries and related benefits            | 600,670.42                          |
| Meetings, conferences and travel         | 5,393.72                            |
| Professional services                    | 105,608.32                          |
| Maintenance and repairs                  | 25,420.75                           |
| General and administrative               | 103,863.92                          |
| Depreciation                             | 19,246.89                           |
| Total Operating Expenses                 | <u>860,204.02</u>                   |
| Operating Loss                           | (60,944.85)                         |
| <b>NON-OPERATING REVENUES (EXPENSES)</b> |                                     |
| Interest income                          | 3,659.25                            |
| Refunds/reimbursements                   | 20,569.35                           |
| Interest expense                         | (9,759.63)                          |
| Total Non-Operating Revenues (Expenses)  | <u>14,468.97</u>                    |
| Change in Net Assets                     | (46,475.88)                         |
| Total Net Assets, beginning              | <u>549,220.31</u>                   |
| Total Net Assets, ending                 | <u><u>502,744.43</u></u>            |

See Accompanying Notes and Auditors' Report

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
STATEMENT OF CASHFLOWS  
YEAR END JUNE 30, 2008**

|   | Business-type<br>Activities |
|---|-----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                             |
| Cash received from customers                                    | \$ 799,259.17               |
| Cash paid to suppliers for goods/services                       | (243,581.71)                |
| Cash paid to employees for services                             | (608,611.69)                |
| Net Cash Used for Operating Activities                          | (52,934.23)                 |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>         |                             |
| Refunds received  | 20,569.35                   |
| Net Cash Provided by Non-Capital Financing Activities           | 20,569.35                   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                             |
| Acquisition of capital assets                                   | (14,539.00)                 |
| Principal paid on long-term note                                | (31,881.61)                 |
| Interest paid on long-term note                                 | (9,759.63)                  |
| Net Cash Used for Capital and Related Financing Activities      | (56,180.24)                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                             |
| Purchase of certificate of deposit                              | (51,865.66)                 |
| Interest earned on money market accounts                        | 3,659.25                    |
| Net Cash Used for Provided by Investing Activities              | (48,206.41)                 |
| Net Decrease in Cash and Cash Equivalents                       | (136,751.53)                |
| Cash and Cash Equivalents, beginning of year                    | 307,496.38                  |
| Cash and Cash Equivalents, end of year                          | 170,744.85                  |

Continued

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS**  
**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS**  
**STATEMENT OF CASHFLOWS (Continued)**  
**YEAR END JUNE 30, 2008**

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|   | <u>Business-type<br/>Activities</u> |
|---|-------------------------------------|
| <b>RECONCILIATION OF OPERATING LOSS<br/>TO NET CASH USED FOR OPERATING ACTIVITIES</b> |                                     |
| Operating loss  | (60,944.85)                         |
| Adjustments to Reconcile Operating Loss to<br>Net Cash Used for Operating Activities: |                                     |
| Depreciation  | 19,246.89                           |
| Increase (decrease) in liabilities:   |                                     |
| Accounts payable  | (3,295.00)                          |
| Payroll taxes withheld and related payables   | 2,941.57                            |
| Accrued salaries payable  | (6,391.84)                          |
| Compensated absences payable  | <u>(4,491.00)</u>                   |
| Net Cash Used for Operating Activities  | <u><u>(52,934.23)</u></u>           |

See Accompanying Notes and Auditors' Report

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**NOTES TO FINANCIAL STATEMENTS**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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INTRODUCTION

The Louisiana State Board of Private Security Examiners is a component unit of the State of Louisiana. It was created within the Department of Public Safety and Corrections as provided by Louisiana Revised Statute 37:3270-3298. The Board serves as a statewide authority to license and regulate private security providers. It also conducts hearings, if warranted, on complaints against these individuals or businesses. Headquartered in Baton Rouge, the Board's operations are funded by self-generated revenues.

The Board is composed of 9 members that are appointed by the Governor of the State of Louisiana and serve five-year terms. The members are not compensated for their services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Louisiana State Board of Private Security Examiners conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Board is considered a component unit 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 only the transactions of the Louisiana State Board of Private Security Examiners.

**Fund Accounting:** The Board uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Board are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

*Proprietary Funds* – account for activities that are similar to activities found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds of the Board include the following fund types:

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS**  
**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) 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/Measurement Focus:** 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, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund financial statements of the Board are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**Application of FASB Statements and Interpretations:** Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Board's licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Board adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Board retains its unexpended fund balances to fund expenditures of the succeeding year.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the Board may deposit funds in demand

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS**  
**DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2008**

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deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less are considered to be cash equivalents.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

**Inventory:** Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** The Board's assets are recorded at historical cost. Depreciation is recorded using the straight-line method of depreciation over the useful lives of the assets. This period is considered 10-50 years for buildings and improvements and 5-10 years for vehicles and equipment. Generally, the Board includes all capital acquisitions with a cost of \$5,000 or more in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Board wants to monitor the item.

**Compensated Absences:** Employees of the Board earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. At June 30, 2008, employees of the Board had accumulated and vested \$42,940.51 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Net Assets:** In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net Assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use. Restricted resources are exhausted before unrestricted net assets are used.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2008:

|                                  | <u>Book Balance</u>  | <u>Bank Balance</u>  |
|----------------------------------|----------------------|----------------------|
| Interest-bearing demand deposits | <u>\$ 170,744.85</u> | <u>\$ 187,220.32</u> |

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with \$100,000 (Hancock Bank) of insurance through FDIC and \$322,794 of pledged collateral.

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counterparty or the counterparty's trust department or agent but not in the entity's name. All investments of the Board are certificates of deposit with maturities extending beyond 90 days. They are not subject to custodial credit risk. At June 30, 2008, the Board had one certificate whose reported amount equaled its fair value as follows:

|              | <u>Maturity</u> | <u>Interest Rate</u> | <u>Amount</u>       |
|--------------|-----------------|----------------------|---------------------|
| Hancock Bank | 11/30/09        | 2.96%                | <u>\$ 51,865.66</u> |

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

|                                       | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|---------------------------------------|------------------------------|-------------------|-------------------|---------------------------|
| Capital Assets, not being depreciated |                              |                   |                   |                           |
| Land                                  | \$ 90,000.00                 | \$ .00            | \$ .00            | \$ 90,000.00              |
| Capital Assets, being depreciated     |                              |                   |                   |                           |
| Buildings and improvements            | 356,269.50                   | 3,575.00          | .00               | 359,844.50                |
| Less: accumulated depreciation        | <u>62,348.74</u>             | <u>8,920.74</u>   | <u>.00</u>        | <u>71,269.48</u>          |
| Net Buildings and Improvements        | 293,920.76                   | (5,345.74)        | .00               | 288,575.02                |
| Computers/equipment                   | 62,753.95                    | 10,964.00         | .00               | 73,717.95                 |
| Less: accumulated depreciation        | <u>17,828.65</u>             | <u>8,288.15</u>   | <u>.00</u>        | <u>26,116.80</u>          |
| Net Computers/Equipment               | 44,925.30                    | 2,675.85          | .00               | 47,601.15                 |
| Automobiles                           | 44,903.90                    | .00               | .00               | 44,903.90                 |
| Less: accumulated depreciation        | <u>31,659.90</u>             | <u>2,038.00</u>   | <u>.00</u>        | <u>33,697.90</u>          |
| Net Automobiles                       | <u>13,244.00</u>             | <u>(2,038.00)</u> | <u>.00</u>        | <u>11,206.00</u>          |
| Net Capital Assets, being depreciated | <u>352,090.06</u>            | <u>(4,707.89)</u> | <u>.00</u>        | <u>347,382.17</u>         |
| Net Capital Assets                    | <u>442,090.06</u>            | <u>(4,707.89)</u> | <u>.00</u>        | <u>437,382.17</u>         |

NOTE 5 – LEAVE

*Annual and Sick Leave.* The Board's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director. Upon termination, employees 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 current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2008 and 2007, being \$42,940.51 and \$47,431.51, respectively.

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is 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. This pay is based on the employee's hourly rate of pay at the time of termination or transfer.

**NOTE 6 – RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate Board of Trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees 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. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Board is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2008, was 20.4%. Contributions to the System for the years ended June 30, 2008, 2007 and 2006, were \$76,901, \$64,671 and \$58,414, respectively.

**NOTE 7 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Substantially all of the Board's employees become eligible for health care, dental and life insurance benefits if they reach normal retirement age while working for the Board. Those benefits include joint payment of monthly premiums for which the Board includes its portion as an expense in the year paid. The Board currently has no persons participating.

The Board has not reported or disclosed data pertaining to the cost of anticipated future benefits because the amounts cannot be reasonably determined at this time.

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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**NOTE 8 – DEFERRED COMPENSATION PLAN**

Nine 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 report of the plan available from the Louisiana Legislative Auditor, P. O. Box 94397, Baton Rouge, LA 70804, 225-339-3800.

**NOTE 9 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2008:

Class of Payables

|                                    |                  |
|------------------------------------|------------------|
| Accounts                           | \$ 8,533.01      |
| Payroll taxes withheld and related | 12,920.17        |
| Salaries and retirement benefits   | <u>1,663.65</u>  |
| Total                              | <u>23,116.83</u> |

**NOTE 10 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2008, was as follows:

|       | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|-------|------------------------------|------------------|-------------------|---------------------------|--|
| Notes | <u>\$ 123,072.52</u>         | <u>.00</u>       | <u>31,881.61</u>  | <u>91,190.91</u>          | <u>29,883.24</u>                           |

The Board's office building secures a note that was executed on June 7, 2001, in the amount of \$241,000. This installment note bears interest at 9.5% and is payable in monthly installments of \$3,137 through June of 2011.

Repayment is as follows:

|               | <u>Principal</u> | <u>Interest</u>  |
|---------------|------------------|------------------|
| June 30, 2009 | \$ 29,883.24     | \$ 7,760.76      |
| June 30, 2010 | 32,849.07        | 4,794.93         |
| June 30, 2011 | <u>28,458.60</u> | <u>1,534.77</u>  |
| Total         | <u>91,190.91</u> | <u>14,090.46</u> |

Other long-term liabilities include compensated absences that totaled \$42,940.51 at June 30, 2008.

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

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NOTE 11 - RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 12 – LITIGATION

There is one lawsuit pending against the Board that is currently being handled by the Attorney General's office. A file to dismiss was made, and there is no financial impact expected.

NOTE 13 – SUBSEQUENT EVENTS

The one lawsuit pending against the Board was dismissed in July of 2008.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
BUDGETARY COMPARISON SCHEDULE  
YEAR END JUNE 30, 2008**

|  | <u>Budgeted</u>          |                          | <u>Actual</u>            | Variance                   |
|--|--------------------------|--------------------------|--------------------------|----------------------------|
|  | <u>Original</u>          | <u>Final</u>             |                          | Favorable<br>(Unfavorable) |
| <b>REVENUES</b>                            |                          |                          |                          |                            |
| Licenses and other fees                    | \$ 888,700.00            | \$ 750,546.00            | \$ 799,259.17            | \$ 48,713.17               |
| <b>EXPENDITURES</b>                        |                          |                          |                          |                            |
| Salaries and related benefits              | 569,783.00               | 605,581.00               | 600,670.42               | 4,910.58                   |
| Meetings, conferences and travel           | 8,800.00                 | 5,100.00                 | 5,393.72                 | (293.72)                   |
| Professional services                      | 118,200.00               | 95,938.00                | 105,608.32               | (9,670.32)                 |
| Maintenance and repairs                    | 50,650.00                | 52,384.00                | 25,420.75                | 26,963.25                  |
| General and administrative                 | 109,096.00               | 102,710.00               | 103,863.92               | (1,153.92)                 |
| Depreciation                               | 20,000.00                | 19,700.00                | 19,246.89                | 453.11                     |
| Total Expenditures                         | <u>876,529.00</u>        | <u>881,413.00</u>        | <u>860,204.02</u>        | <u>21,208.98</u>           |
| Operating Income (Loss)                    | 12,171.00                | (130,867.00)             | (60,944.85)              | 27,504.19                  |
| <b>NON-OPERATING REVENUES (EXPENSES)</b>   |                          |                          |                          |                            |
| Interest income                            | 2,900.00                 | 3,542.00                 | 3,659.25                 | 117.25                     |
| Refunds/reimbursements                     | -                        | -                        | 20,569.35                | 20,569.35                  |
| Interest expense                           | (10,000.00)              | (10,000.00)              | (9,759.63)               | 240.37                     |
| Total Non-Operating<br>Revenues (Expenses) | <u>(7,100.00)</u>        | <u>(6,458.00)</u>        | <u>14,468.97</u>         | <u>20,926.97</u>           |
| Change in Net Assets                       | 5,071.00                 | (137,325.00)             | (46,475.88)              | 48,431.16                  |
| Net Assets, beginning                      | <u>549,220.31</u>        | <u>549,220.31</u>        | <u>549,220.31</u>        | -                          |
| Net Assets, ending                         | <u><u>554,291.31</u></u> | <u><u>411,895.31</u></u> | <u><u>502,744.43</u></u> | <u><u>48,431.16</u></u>    |

See Auditors' Report

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**SUPPLEMENTAL SCHEDULES AND INFORMATION**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
JUNE 30, 2008**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, a schedule of per diem/compensation paid to Board members is required supplemental information.

Board members of the Louisiana State Board of Private Security Examiners do not receive a per diem for attending Board meetings. Provided sufficient documentation is obtained, they may be paid for actual expenses related to Board business.

Below is a listing of board members as of June 30, 2008.

|            |                             |
|------------|-----------------------------|
| District 1 | Gurvich, Jr., Louis (Chair) |
| District 2 | Romero, James H. "Chip"     |
| District 3 | Baer, Thomas L.             |
| District 4 | Duplechain, Charles V.      |
| District 5 | Neathery, Stanley           |
| At Large   | Kennedy, Kenneth R.         |
|            | Lockett, Denise             |
|            | Vinson, Christine           |
|            | Rojas, George               |

See Auditors' Report

**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

.....  
3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
[mstages@butlercpa.brcoxmail.com](mailto:mstages@butlercpa.brcoxmail.com)

*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

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

To the Board Members of the  
Louisiana State Board of Private Security Examiners  
15703 Old Hammond Highway  
Baton Rouge, Louisiana 70816

We have audited the financial statements of the business-type activities and the remaining fund information of the Louisiana State Board of Private Security Examiners, a component unit of the State of Louisiana, which collectively comprise the basic financial statements as listed in the table of contents, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 22, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Board of Private Security Examiners' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 one instance of noncompliance that are required to be reported under *Government Auditing Standards* and described as finding 2008-01 in the schedule of findings and questioned costs.

## Internal Control Over Financial Reporting

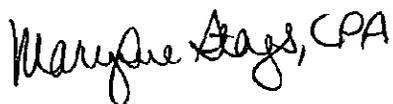
In planning and performing our audit, we considered the Louisiana State Board of Private Security Examiners' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana State Board of Private Security Examiners' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Private Security Examiners' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
August 28, 2008



**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2008**

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**Section I Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

N/A

**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2008**

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**Section I Internal Control and Compliance Material to the Financial Statements**

2008-01 Implementation of GASB Statement No. 45

*Please see management's response in the schedule of findings and questioned costs*

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

N/A

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**OTHER REQUIRED SUPPLEMENTAL INFORMATION**

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**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2008**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana State Board of Private Security Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration for reporting purposes. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2008

C O N T E N T S

AFFIDAVIT

Statements

MD&A

|   |   |
|---|---|
| Balance Sheet   | A |
| Statement of Revenues, Expenses, and Changes in Fund Net Assets | B |
| Statement of Activities (Additional information in Appendix A)  | C |
| Statement of Cash Flows   | D |

Notes to the Financial Statements

|     |  |
|-----|--|
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| H.  | Retirement System  |
| I.  | <b>Other Postemployment Benefits</b> (Additional information in Appendix F)        |
| J.  | Leases   |
| K.  | Long-Term Liabilities  |
| L.  | Contingent Liabilities   |
| M.  | Related Party Transactions   |
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| Q.  | <b>Revenues – Pledged or Sold (GASB 48)</b> (Additional information in Appendix G) |
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| T.  | Short-Term Debt  |
| U.  | Disaggregation of Receivable Balances  |
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| W.  | Subsequent Events  |
| X.  | Segment Information  |
| Y.  | Due to/Due from and Transfers  |
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| AA. | Prior-Year Restatement of Net Assets   |
| BB. | Net Assets Restricted by Enabling Legislation (Information in Appendix C)          |
| CC. | Impairment of Capital Assets (Information in Appendix D)                           |
| DD. | Employee Termination Benefits  |

Schedules

|   |  |
|---|--|
| 1 | Schedule of Per Diem Paid to Board Members |
|---|--|

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2008

LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
(Agency Name)

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

Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Executive Secretary  
(Name) Wayne R. Rogilio (Title) of the Louisiana State Board of Private Security Examiners  
(Agency) who duly sworn, deposes and says, that the financial statements herewith given present  
fairly the financial position of the Louisiana State Board of Private Security Examiners  
(agency) at June 30, 2008 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 26 day of August, 2008.

Wayne R. Rogilio  
Signature of Agency Official

Penny Pittman  
NOTARY PUBLIC

PENNY PITTMAN  
NOTARY PUBLIC  
NOTARY ID NO. 010089  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA

Prepared by: L. Dalton McRight,  
Title: Certified Public Accountant

Telephone No.: 225-292-2041

Date: August 25, 2008

STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2008

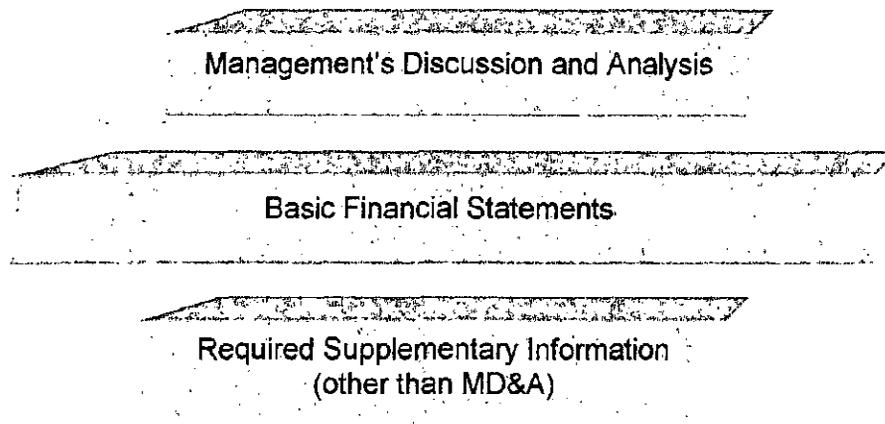
The Management's Discussion and Analysis of the Louisiana State Board of Private Security Examiners' hereinafter referred to as the Board, financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which begin immediately after this section.

## FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2008 by \$502,744.
- ★ The Board met its debt obligations and was able to renovate its office space to accommodate all staff effectively.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

### Basic Financial Statements

The basic financial statements present information for 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 Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Board's assets changed as a result of current year operations. Regardless of when

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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
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cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing 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.

**FINANCIAL ANALYSIS OF THE ENTITY**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

|   | Total         |               |
|---|---------------|---------------|
|   | 2008          | 2007          |
| Current and other assets                | \$ 222,610.51 | \$ 307,496.38 |
| Capital assets                          | 437,382.17    | 442,090.06    |
| Total assets                            | 660,992.68    | 749,586.44    |
| Other liabilities                       | 53,000.07     | 57,047.25     |
| Long-term debt outstanding              | 104,248.18    | 143,318.88    |
| Total liabilities                       | 157,248.25    | 200,366.13    |
| Net assets:                             |               |               |
| Invested in capital assets, net of debt | 346,191.26    | 319,017.54    |
| Restricted                              | -             | -             |
| Unrestricted                            | 156,553.17    | 230,202.77    |
| Total net assets                        | \$ 502,744.43 | \$ 549,220.31 |

Net assets of the Board decreased by \$46,476 or 8% from June 30, 2007 to June 30, 2008. One reason for this is due to repairs that were required to the roof of the office building at a cost of more than \$10,000.

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The Board's total revenues decreased by \$102,667 or 11%. The total cost of all programs and services increased by \$78,339 or 10%.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2008  
(in thousands)

|                                      | <u>Total</u>          |                      |
|--------------------------------------|-----------------------|----------------------|
|                                      | <u>2008</u>           | <u>2007</u>          |
| Operating revenues                   | \$ 799,259.17         | \$ 922,495.98        |
| Operating expenses                   | 860,204.02            | 781,864.63           |
| Operating income(loss)               | <u>(60,944.85)</u>    | <u>140,631.35</u>    |
| Non-operating revenues(expenses)     | <u>14,468.97</u>      | <u>(10,090.35)</u>   |
| Income(loss) before transfers        | <u>(46,475.88)</u>    | <u>130,541.00</u>    |
| Transfers in                         | -                     | -                    |
| Transfers out                        | -                     | -                    |
| Net increase(decrease) in net assets | <u>\$ (46,475.88)</u> | <u>\$ 130,541.00</u> |

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2008, the Board had \$437,382 invested in capital assets net of accumulated depreciation (See Table below). Debt related to these assets was \$91,191 bringing the net investment to \$346,191.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2008

|                            | <u>2008</u>    | <u>2007</u>    |
|----------------------------|----------------|----------------|
| Land                       | \$ 90,000      | \$ 90,000      |
| Buildings and improvements | 288,575        | 293,921        |
| Equipment                  | 47,601         | 44,925         |
| Automobiles                | <u>11,206</u>  | <u>13,244</u>  |
| Totals \$                  | <u>437,382</u> | <u>442,090</u> |

This year's major additions included (in thousands):

- Office renovations at a cost of \$4,200
- Website development and maintenance totaling \$9,700.

#### **Debt**

The Board had \$91,191 in long-term debt with \$61,308 of that being payable over a long-term period. This debt is related to the purchase of the office building in June of 2001. Its terms included 9.5% interest for 10 years.

Other debt of the Board is earned but unused leave time amounting to \$42,941 at June 30, 2008.

#### **VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Operating revenues were approximately \$48,713 over budget and expenditures were less than budget by \$21,208.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Board's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Current and prior years' experience
- Known capital requirements
- Fixed fees

#### **CONTACTING THE BOARD'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Wayne Rogillio at 225-272-2310, 15703 Old Hammond Highway, Baton Rouge, LA 70816.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
BALANCE SHEET  
AS OF JUNE 30, 2008**

**ASSETS**

**CURRENT ASSETS:**

|  |    |                   |
|--|----|-------------------|
| Cash and cash equivalents                                    | \$ | <u>170,745</u>    |
| Investments  |    | <u>          </u> |
| Receivables (net of allowance for doubtful accounts)(Note U) |    | <u>          </u> |
| Due from other funds (Note Y)                                |    | <u>          </u> |
| Due from federal government                                  |    | <u>          </u> |
| Inventories  |    | <u>          </u> |
| Prepayments  |    | <u>          </u> |
| Notes receivable   |    | <u>          </u> |
| Other current assets   |    | <u>          </u> |
| Total current assets   |    | <u>170,745</u>    |

**NONCURRENT ASSETS:**

|  |    |                   |
|--|----|-------------------|
| Restricted assets (Note F):                  |    |                   |
| Cash   |    | <u>          </u> |
| Investments                                  |    | <u>          </u> |
| Receivables                                  |    | <u>          </u> |
| Investments                                  |    | <u>51,866</u>     |
| Notes receivable                             |    | <u>          </u> |
| Capital assets (net of depreciation)(Note D) |    |                   |
| Land   |    | <u>90,000</u>     |
| Buildings and improvements                   |    | <u>288,575</u>    |
| Machinery and equipment                      |    | <u>47,601</u>     |
| Vehicles                                     |    | <u>11,206</u>     |
| Construction in progress                     |    | <u>          </u> |
| Other noncurrent assets                      |    | <u>          </u> |
| Total noncurrent assets                      |    | <u>489,248</u>    |
| Total assets                                 | \$ | <u>659,993</u>    |

**LIABILITIES**

**CURRENT LIABILITIES:**

|  |    |                   |
|--|----|-------------------|
| Accounts payable and accruals (Note V)             | \$ | <u>23,117</u>     |
| Due to other funds (Note Y)                        |    | <u>          </u> |
| Due to federal government                          |    | <u>          </u> |
| Deferred revenues                                  |    | <u>          </u> |
| Current portion of long-term liabilities: (Note K) |    |                   |
| Contracts payable                                  |    | <u>          </u> |
| Compensated absences payable                       |    | <u>          </u> |
| Capital lease obligations                          |    | <u>          </u> |
| Claims and litigation payable                      |    | <u>          </u> |
| Notes payable                                      |    | <u>29,883</u>     |
| Bonds payable                                      |    | <u>          </u> |
| Other long-term liabilities                        |    | <u>          </u> |
| Total current liabilities                          |    | <u>53,000</u>     |

**NONCURRENT LIABILITIES: (Note K)**

|                               |  |                   |
|-------------------------------|--|-------------------|
| Contracts payable             |  | <u>          </u> |
| Compensated absences payable  |  | <u>42,941</u>     |
| Capital lease obligations     |  | <u>          </u> |
| Claims and litigation payable |  | <u>          </u> |
| Notes payable                 |  | <u>61,308</u>     |
| Bonds payable                 |  | <u>          </u> |
| <b>OPEB payable</b>           |  | <u>          </u> |
| Other long-term liabilities   |  | <u>          </u> |
| Total noncurrent liabilities  |  | <u>104,248</u>    |
| Total liabilities             |  | <u>157,248</u>    |

**NET ASSETS**

|   |    |                   |
|---|----|-------------------|
| Invested in capital assets, net of related debt |    | <u>346,191</u>    |
| Restricted for:                                 |    |                   |
| Capital projects                                |    | <u>          </u> |
| Debt service                                    |    | <u>          </u> |
| Unemployment compensation                       |    | <u>          </u> |
| Other specific purposes                         |    | <u>          </u> |
| Unrestricted                                    |    | <u>156,553</u>    |
| Total net assets                                |    | <u>502,744</u>    |
| Total liabilities and net assets                | \$ | <u>659,993</u>    |

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

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2008**

|   |            |
|---|------------|
| <b>OPERATING REVENUES</b>   |            |
| Sales of commodities and services                                   | \$ _____   |
| Assessments   | _____      |
| Use of money and property   | _____      |
| Licenses, permits, and fees   | 799,259    |
| Other   | _____      |
| Total operating revenues  | 799,259    |
| <b>OPERATING EXPENSES</b>   |            |
| Cost of sales and services  | _____      |
| Administrative  | 840,957    |
| Depreciation  | 19,247     |
| Amortization  | _____      |
| Total operating expenses  | 860,204    |
| Operating income(loss)  | (60,945)   |
| <b>NON-OPERATING REVENUES(EXPENSES)</b>                             |            |
| State appropriations  | _____      |
| Intergovernmental revenues(expenses)                                | _____      |
| Taxes   | _____      |
| Use of money and property   | 3,659      |
| Gain on disposal of fixed assets                                    | _____      |
| Loss on disposal of fixed assets                                    | _____      |
| Federal grants  | _____      |
| Interest expense  | (9,760)    |
| Other revenue   | 20,569     |
| Other expense   | _____      |
| Total non-operating revenues(expenses)                              | 14,469     |
| Income(loss) before contributions, extraordinary items, & transfers | (46,476)   |
| Capital contributions   | _____      |
| Extraordinary item - Loss on impairment of capital assets           | _____      |
| Transfers in  | _____      |
| Transfers out   | _____      |
| Change in net assets  | (46,476)   |
| Total net assets – beginning  | 549,220    |
| Total net assets – ending   | \$ 502,744 |

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

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

|  | Program Revenues  |                         |  | Net (Expense)<br>Revenue and<br>Changes in<br>Net Assets |
|--|-------------------|-------------------------|--|--|
|  | Expenses          | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
| Entity   | \$ <u>860,204</u> | \$ <u>799,259</u>       | \$ _____                                 | \$ _____   |
| General revenues:  |                   |                         |  |  |
| Taxes  |                   |                         |  | _____  |
| State appropriations   |                   |                         |  | _____  |
| Grants and contributions not restricted to specific programs |                   |                         |  | _____  |
| Interest   |                   |                         |  | <u>3,659</u>   |
| Miscellaneous  |                   |                         |  | <u>10,810</u>  |
| Special items  |                   |                         |  | _____  |
| Extraordinary item - Loss on impairment of capital assets    |                   |                         |  | _____  |
| Transfers  |                   |                         |  | _____  |
| Total general revenues, special items, and transfers         |                   |                         |  | <u>14,469</u>  |
| Change in net assets   |                   |                         |  | <u>(46,476)</u>  |
| Net assets - beginning as restated                           |                   |                         |  | <u>549,220</u>   |
| Net assets - ending  |                   |                         |  | \$ <u><u>502,744</u></u>                                 |

The accompanying notes are an integral part of this statement.  
 Statement C

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Cash flows from operating activities**

|   |            |                 |
|---|------------|-----------------|
| Cash received from customers                      | \$ 799,259 |                 |
| Cash payments to suppliers for goods and services | (243,582)  |                 |
| Cash payments to employees for services           | (608,612)  |                 |
| 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   |            | <u>(52,934)</u> |

**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   | 20,569 |               |
| Net cash provided(used) by non-capital financing activities |        | <u>20,569</u> |

**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                                     | (24,500) |                 |
| Interest paid on notes payable                                      | (17,141) |                 |
| Acquisition/construction of capital assets                          | (14,539) |                 |
| Proceeds from sale of capital assets                                |          |                 |
| Capital contributions   |          |                 |
| Other   |          |                 |
| Net cash provided(used) by capital and related financing activities |          | <u>(56,180)</u> |

**Cash flows from investing activities**

|  |          |                 |
|--|----------|-----------------|
| Purchases of investment securities                     | (51,866) |                 |
| Proceeds from sale of investment securities            |          |                 |
| Interest and dividends earned on investment securities | 3,659    |                 |
| Net cash provided(used) by investing activities        |          | <u>(48,206)</u> |

Net increase(decrease) in cash and cash equivalents (136,752)

Cash and cash equivalents at beginning of year 307,496

Cash and cash equivalents at end of year \$ 170,745

Statement D  
(Continued)



**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
Notes to the Financial Statement  
As of and for the year ended June 30, 2008**

**INTRODUCTION**

The Louisiana State Board of Private Security Examiners hereinafter referred to as the Board, was created by the Louisiana State Legislature within the Department of Public Safety and Corrections under the provisions of Louisiana Revised Statute 37:3270-3298. The following is a brief description of the operations of the Board which includes the parishes in which the Board is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 Board 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 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 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 Committee on the Budget, 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 includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2008

|                          | <u>APPROPRIATIONS</u>       |
|--------------------------|-----------------------------|
| Original approved budget | \$ <u>886,529</u>           |
| Amendments:              | <u>4,884</u>                |
|                          | <u>                    </u> |
|                          | <u>                    </u> |
| Final approved budget    | \$ <u>891,413</u>           |

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**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 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; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) 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.

**GASB Statement 40, which amended GASB Statement 3**, eliminated the requirement to disclose all deposits by the three 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 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.

**STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 Notes to the Financial Statement  
 As of and for the year ended June 30, 2008**

The deposits at June 30, 2008, consisted of the following:

|  | Cash       | Nonnegotiable<br>Certificates<br>of Deposit | Other<br>(Describe) | Total         |
|--|------------|---|---------------------|---------------|
| Balance per agency books   | \$ 170,745 | \$  | \$                  | \$ 170,744.85 |
| Deposits in bank accounts per bank   | \$ 187,220 | \$  | \$                  | \$ 187,220.32 |
| Bank balances of deposits exposed to custodial credit risk:  |            |   |                     |               |
| a. Deposits not insured and uncollateralized   | \$         | \$  | \$                  | \$ -          |
| b. Deposits not insured and collateralized with securities held by the pledging institution.   | \$         | \$  | \$                  | \$ -          |
| c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency but not in the entity's name. | \$         | \$  | \$                  | \$ -          |

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

| Banking Institution | Program   | Amount     |
|---------------------|-----------|------------|
| 1. Hancock Bank     | Operating | \$ 187,220 |
| 2. _____            | _____     | _____      |
| Total               |           | \$ 187,220 |

**2. INVESTMENTS**

The Board does maintain investment accounts as authorized by La. R.S. 33:2955.

**Custodial Credit Risk**

All investments of the Board are certificates of deposit held in the name of the Board with maturities greater than 90 days. There is no custodial credit risk associated with these investments.



**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2008**

**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 is 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, 2008 |                               |                                  |                   |             |             |                      |
|---|--------------------------|-------------------------------|----------------------------------|-------------------|-------------|-------------|----------------------|
|   | Balance<br>6/30/2007     | Prior<br>Period<br>Adjustment | Adjusted<br>Balance<br>6/30/2007 | Additions         | Transfers*  | Retirements | Balance<br>6/30/2008 |
| <b>Capital assets not being depreciated</b>       |                          |                               |                                  |                   |             |             |                      |
| Land  | \$ 90,000                | \$                            | \$ 90,000                        | \$                | \$          | \$          | \$ 90,000            |
| Non-depreciable land improvements                 |                          |                               | -                                |                   |             |             | -                    |
| Capitalized collections                           |                          |                               | -                                |                   |             |             | -                    |
| Construction in progress                          |                          |                               | -                                |                   |             |             | -                    |
| <b>Total capital assets not being depreciated</b> | <b>90,000</b>            | <b>-</b>                      | <b>90,000</b>                    | <b>-</b>          | <b>-</b>    | <b>-</b>    | <b>90,000</b>        |
| <b>Other capital assets</b>                       |                          |                               |                                  |                   |             |             |                      |
| Machinery and equipment                           | 62,754                   |                               | 62,754                           | 10,964            |             |             | 73,718               |
| Less accumulated depreciation                     | (17,829)                 |                               | (17,829)                         | (8,288)           |             |             | (26,117)             |
| <b>Total Machinery and equipment</b>              | <b>44,925</b>            | <b>-</b>                      | <b>44,925</b>                    | <b>2,676</b>      | <b>-</b>    | <b>-</b>    | <b>47,601</b>        |
| Buildings and improvements                        | 356,270                  |                               | 356,270                          | 3,575             |             |             | 359,845              |
| Less accumulated depreciation                     | (62,349)                 |                               | (62,349)                         | (8,921)           |             |             | (71,269)             |
| <b>Total buildings and improvements</b>           | <b>293,921</b>           | <b>-</b>                      | <b>293,921</b>                   | <b>(5,346)</b>    | <b>-</b>    | <b>-</b>    | <b>288,575</b>       |
| Automobiles                                       | 44,904                   |                               | 44,904                           |                   |             |             | 44,904               |
| Less accumulated depreciation                     | (31,660)                 |                               | (31,660)                         | (2,038)           |             |             | (33,698)             |
| <b>Total automobiles</b>                          | <b>13,244</b>            | <b>-</b>                      | <b>13,244</b>                    | <b>(2,038)</b>    | <b>-</b>    | <b>-</b>    | <b>11,206</b>        |
| Infrastructure                                    |                          |                               | -                                |                   |             |             | -                    |
| Less accumulated depreciation                     |                          |                               | -                                |                   |             |             | -                    |
| <b>Total infrastructure</b>                       | <b>-</b>                 | <b>-</b>                      | <b>-</b>                         | <b>-</b>          | <b>-</b>    | <b>-</b>    | <b>-</b>             |
| <b>Total other capital assets</b>                 | <b>352,090</b>           | <b>-</b>                      | <b>352,090</b>                   | <b>(4,708)</b>    | <b>-</b>    | <b>-</b>    | <b>347,382</b>       |
| <b>Capital Asset Summary:</b>                     |                          |                               |                                  |                   |             |             |                      |
| Capital assets not being depreciated              | 90,000                   | -                             | 90,000                           | -                 | -           | -           | 90,000               |
| Other capital assets, at cost                     | 463,927                  | -                             | 463,927                          | 14,539            | -           | -           | 478,466              |
| <b>Total cost of capital assets</b>               | <b>553,927</b>           | <b>-</b>                      | <b>553,927</b>                   | <b>14,539</b>     | <b>-</b>    | <b>-</b>    | <b>568,466</b>       |
| Less accumulated depreciation                     | (111,837)                | -                             | (111,837)                        | (19,247)          | -           | -           | (131,084)            |
| <b>Capital assets, net</b>                        | <b>\$ 442,090</b>        | <b>\$ -</b>                   | <b>\$ 442,090</b>                | <b>\$ (4,708)</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 437,382</b>    |

\* 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  
LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
Notes to the Financial Statement  
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**E. INVENTORIES**

Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reporting in the accompanying financial statements.

**F. RESTRICTED ASSETS**

N/A

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Board 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 current-year expenditures 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. Annual leave accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2008, is \$42,941.

**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. There was no compensatory leave time accrued at June 30, 2008.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Board 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.

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**Notes to the Financial Statement**  
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creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

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 July 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, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 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 are also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports\\_07.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports_07.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 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, 2008, increased to 20.4% of annual covered payroll from the 19.1% required in the prior year. The Board contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$76,901, \$64,671 and \$58,414, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS**

The Board may provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board's employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits include joint payment of monthly premiums at 50% Board and 50% retired person. The Board does not currently have any retired persons to which it provides post retirement benefits.

The Board has not reported or disclosed data pertaining to the cost of anticipated future benefits because the amounts cannot be reasonably determined at this time.

**J. LEASES**

1. OPERATING LEASES

N/A

2. CAPITAL LEASES

N/A

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**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:  
(Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

|                                 | Balance<br>June 30,<br><u>2007</u> | <u>Year ended June 30, 2008</u> |                   | Balance<br>June 30,<br><u>2008</u> | Amounts<br>due within<br><u>one year</u> |
|---------------------------------|------------------------------------|---------------------------------|-------------------|------------------------------------|--|
|                                 |                                    | <u>Additions</u>                | <u>Reductions</u> |                                    |  |
| <b>Notes and bonds payable:</b> |                                    |                                 |                   |                                    |  |
| Notes payable                   | \$ 123,073                         | \$                              | \$ 31,882         | \$ 91,191                          | \$ 29,883                                |
| Bonds payable                   |                                    |                                 |                   | --                                 |  |
| Total notes and bonds           | <u>123,073</u>                     | <u>--</u>                       | <u>31,882</u>     | <u>91,191</u>                      | <u>29,883</u>                            |
| <b>Other liabilities:</b>       |                                    |                                 |                   |                                    |  |
| Contracts payable               |                                    |                                 |                   | --                                 |  |
| Compensated absences payable    | 47,432                             |                                 | 4,491             | 42,941                             | --                                       |
| Capital lease obligations       |                                    |                                 |                   | --                                 |  |
| Claims and litigation           |                                    |                                 |                   | --                                 |  |
| <b>OPEB payable</b>             |                                    |                                 |                   | --                                 |  |
| Other long-term liabilities     |                                    |                                 |                   | --                                 |  |
| Total other liabilities         | <u>47,432</u>                      | <u>--</u>                       | <u>4,491</u>      | <u>42,941</u>                      | <u>--</u>                                |
| Total long-term liabilities     | <u>\$ 170,504</u>                  | <u>\$ --</u>                    | <u>\$ 36,373</u>  | <u>\$ 134,131</u>                  | <u>\$ 29,883</u>                         |

**L. CONTINGENT LIABILITIES**

N/A

**M. RELATED PARTY TRANSACTIONS**

N/A

**N. ACCOUNTING CHANGES**

N/A

**O. IN-KIND CONTRIBUTIONS**

N/A

**P. DEFEASED ISSUES**

N/A

**Q. REVENUES – PLEDGED OR SOLD (GASB 48)**

**1. PLEDGED REVENUES**

N/A

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**2. FUTURE REVENUES REPORTED AS A SALE**

N/A

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

N/A

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

N/A

**T. SHORT-TERM DEBT**

N/A

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

N/A

**V. DISAGGREGATION OF PAYABLE BALANCES**

N/A

**W. SUBSEQUENT EVENTS**

One pending lawsuit against the Board was dismissed in July of 2008.

**X. SEGMENT INFORMATION**

N/A

**Y. DUE TO/DUE FROM AND TRANSFERS**

N/A

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

N/A

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

N/A

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

N/A

**CC. IMPAIRMENT OF CAPITAL ASSETS**

N/A

**DD. EMPLOYEE TERMINATION BENEFITS**

N/A

**STATE OF LOUISIANA  
 LOUISIANA STATE BOARD OF PRIVATE SECURITY EXAMINERS  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
 For the Year Ended June 30, 2008**

| <u>Name</u>                                 | <u>Amount</u>   |
|---|-----------------|
| <u>Gurvich, Jr., Louis (District 1)</u>     | <u>\$ 0</u>     |
| <u>Romero, James H. "Chip" (District 2)</u> | <u>0</u>        |
| <u>Baer, Thomas L. (District 3)</u>         | <u>0</u>        |
| <u>Duplechain, Charles V. (District 4)</u>  | <u>0</u>        |
| <u>Neathery, Stanley (District 5)</u>       | <u>0</u>        |
| <u>Kennedy, Kenneth R. (At-Large)</u>       | <u>0</u>        |
| <u>Lockett, Denise (At-Large)</u>           | <u>0</u>        |
| <u>Vinson, Christine (At-Large)</u>         | <u>0</u>        |
| <u>Rojas, George (At-Large)</u>             | <u>0</u>        |
| <u> </u>                                    | <u> </u>        |
| <u>\$</u>                                   | <u><u>0</u></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**  
**LOUISIANA STATE BOARD OF PRIVATE SECURITY 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>2008</u> | <u>2007</u> | <u>Difference</u> | <u>Percentage<br/>Change</u> |
|-------------------|-------------|-------------|-------------------|------------------------------|
| 1) Revenues       | \$ 819,829  | \$ 922,496  | \$(102,667)       | 11%                          |
| Expenses          | 860,204     | 781,865     | 78,328            | 10%                          |
| 2) Capital assets | 437,383     | 442,090     | (4,707)           | 1%                           |
| Long-term debt    | 104,248     | 143,319     | (39,072)          | 27%                          |
| Net Assets        | 502,744     | 549,220     | (46,503)          | 8%                           |

Explanation for change: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_