

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Baton Rouge, Louisiana**

**Audited Financial Statements**  
**As of and For the Year Ended June 30, 2010**

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 10/13/10

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
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**Baton Rouge, Louisiana**

**Audited Financial Statements**  
**As of and For the Year Ended June 30, 2010**

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**BOBBY JINDAL**  
GOVERNOR

*State of Louisiana*  
**LOUISIANA REAL ESTATE COMMISSION**

**MEMORANDUM**

**TO:** Office of the Legislative Auditor

**FROM:** Albert Rowe, Accountant Admin. 1 

**DATE:** 9/10/2010

**RE:** Required Financial Report Submission

Please find attached the audited financial statements for the LA Real Estate Commission for the fiscal year ending 6/30/2010.

If you have any questions, please call me at (225) 925-1923 ext.-245.

*Roy Chenevert*

CERTIFIED PUBLIC ACCOUNTANT

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SOCIETY OF LOUISIANA CPAs

## INDEPENDENT AUDITOR'S REPORT

Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana Real Estate Commission. 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 the 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.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Real Estate Commission as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2010, on our consideration of the Louisiana Real Estate Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Louisiana Real Estate Commission's basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana Real Estate Commission. Such information has been subjected to the audit 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.

*Roy Chenevert, CPA*

Baton Rouge, Louisiana  
September 10, 2010

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Management's Discussion and Analysis**

The management's discussion and analysis of the Louisiana Real Estate Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter and the Commission's financial statements.

**FINANCIAL HIGHLIGHTS**

The Commission's assets exceeded its liabilities at the close of fiscal year 2010 by \$2,981,965. The net assets decreased by \$314,120 (or 9.5%).

The Commission's revenue decreased by \$112,274 (or 2.5%), while the expenses decreased by \$503,725 (or 9.6%).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Louisiana Real Estate Commission's financial statements are comprised of the basic financial statements and the notes to the financial statements. In addition to the basic financial statements and the accompanying notes, other information in this report presents certain supplementary information required by legislative resolution. The basic financial statements are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business.

**Basic Financial Statements**

The basic financial statements of the Louisiana Real Estate Commission presents financial information for the Commission as a whole, in a format designed to make the statements easier for the reader to understand. The statements of this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 9) presents the current and long-term portion 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 Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how the Commission's assets changed as a result of current year operations. Regardless of when 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 (page 11) presents information showing how the Commission'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 to net cash (used) by operating activities (indirect method) as required by GASB 34.

## FINANCIAL ANALYSIS OF THE COMMISSION

### Statement of Net Assets as of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 2,353,489	\$ 2,934,562
Capital assets	<u>3,378,673</u>	<u>3,331,394</u>
Total assets	<u>5,732,162</u>	<u>6,265,956</u>
Current liabilities	<u>280,273</u>	<u>347,335</u>
Non-current liabilities	<u>2,469,924</u>	<u>2,622,536</u>
Total liabilities	<u>2,750,197</u>	<u>2,969,871</u>
Total net assets	<u>\$ 2,981,965</u>	<u>\$ 3,296,085</u>

The Commission's equity interest in its capital assets is reported within the investment in capital assets. Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The unrestricted net assets are those that do not have any limitations for what these amounts may be used.

Net assets of the Commission decreased by \$314,120, or 9.5%, from June 30, 2009, to June 30, 2010.

### Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 1,798,908	\$ 1,802,442
Operating expenses	<u>(2,127,748)</u>	<u>(2,512,701)</u>
Operating income (loss)	<u>(328,840)</u>	<u>(710,259)</u>
Non-operating revenues/expenses	<u>14,720</u>	<u>4,688</u>
(Decrease) in net assets	<u>\$ (314,120)</u>	<u>\$ (705,571)</u>

The Commission's total revenues decreased by \$112,274, or 2.5%. The total cost of all programs and services decreased by \$503,725 or 9.6%.

## CAPITAL ASSETS

At the end of 2010, the Commission had \$3,378,673 invested in a broad range of capital assets, including land, building, and furniture and equipment.

**Capital Assets at Year-end  
(Net of Depreciation)**

Land	\$ 198,460
Building	3,142,978
Furniture and equipment	<u>37,235</u>
Total	<u>\$ 3,378,673</u>

**BUDGET**

The annual budget was approved by the Commission at the December 18, 2008 meeting.

**CONTACTING THE LOUISIANA REAL ESTATE  
COMMISSION'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana Real Estate Commission's finances and to show the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, Louisiana Real Estate Commission, Post Office Box 14785, Baton Rouge, Louisiana 70898-4785.



**Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Statement of Net Assets  
June 30, 2010**

**Assets**

<b>Current assets</b>	
Cash (note 2)	\$1,771,421
Investments (note 3)	563,904
Due from Louisiana Real Estate Appraisers Board	18,153
Receivables	11
<b>Total current assets</b>	<b>2,353,489</b>
<b>Non-current assets</b>	
Capital assets, net of depreciation (note 4)	3,378,673
<b>Total assets</b>	<b>5,732,162</b>

**Liabilities**

<b>Current liabilities</b>	
Accounts payable (note 8)	114,295
Deposits held for others	74,889
Current portion of long-term liability	
Accrued compensated absences (note 9)	91,089
<b>Total current liabilities</b>	<b>280,273</b>
<b>Non-current liabilities</b>	
Accrued compensated absences (note 9)	23,178
OPEB payable (note 6)	807,500
Construction loan payable	1,639,246
<b>Total non-current liabilities</b>	<b>2,469,924</b>
<b>Total liabilities</b>	<b>2,750,197</b>

**Net assets**

Invested in capital assets	3,378,673
Restricted net assets	400,000
Unrestricted net assets	(796,708)
<b>Total net assets</b>	<b>\$2,981,965</b>

See accompanying notes to the financial statements.

**Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Statement of Revenues, Expenses,  
and Changes in Net Assets  
Year Ended June 30, 2010**

Operating revenues	
Licenses, permits, and fees	<u>\$1,798,908</u>
Operating expenses	
Personal services	1,606,668
Travel	55,045
Operating services	221,638
Supplies	16,177
Professional services	70,731
Other charges	51,142
Capital outlay	4,904
Depreciation	101,443
Total operating expenses	<u>2,127,748</u>
Operating (loss)	<u>(328,840)</u>
Non-operating revenues/expense	
Use of money and property	8,691
Other revenues	2,637,880
Other expenses	<u>(2,631,851)</u>
Total non-operating revenues/expenses	<u>14,720</u>
Change in net assets	(314,120)
Net assets, beginning of year	<u>3,296,085</u>
Net assets, end of year	<u>\$2,981,965</u>

See accompanying notes to the financial statements.

**Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Statement of Cash Flows  
Year Ended June 30, 2010**

Cash flows from operating activities	
Cash received from customers	\$1,780,755
Cash paid to suppliers for goods and services	(472,985)
Cash paid to employees for services	(1,421,915)
Net cash (used) by operating activities	<u>(114,145)</u>
Cash flows from non-capital financing activities	
Other non-operating revenue	2,637,880
Other non-operating expenses	(2,631,851)
Net cash provided by non-capital financing activities	<u>6,029</u>
Cash flows from capital and related financing activities	
(Decrease) in construction loan payable	(351,079)
Acquisition of capital assets	(148,722)
Net cash (used) by capital and related financing activities	<u>(499,801)</u>
Cash flows from investing activities	
Maturities of investment securities	376,855
Interest received	8,729
Net cash provided by investing activities	<u>385,584</u>
Net (decrease) in cash	(222,333)
Cash, beginning of year	<u>1,993,754</u>
Cash, end of year	<u><u>\$1,771,421</u></u>

See accompanying notes to the financial statements.

**Louisiana Real Estate Commission**  
**Office of the Governor**  
**State of Louisiana**  
**Statement of Cash Flows**  
**Year Ended June 30, 2010**

<i>Reconciliation of operating (loss) to net cash</i>	
<i>(used) by operating activities</i>	
Operating (loss)	\$ (328,840)
<i>Adjustments to reconcile operating (loss) to</i>	
<i>net cash (used) by operating activities</i>	
Depreciation	101,443
Increase in due from other funds	(18,153)
(Decrease) in accounts payable	(10,842)
(Decrease) in accrued payroll and related benefits	(21,935)
Increase in accrued compensated absences	7,488
(Decrease) in deposits held for others	(1,500)
(Decrease) in due to other funds	(41,006)
Increase in OPEB payable	199,200
	<hr/>
Net cash (used) by operating activities	<u>\$ (114,145)</u>

See accompanying notes to the financial statements.

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Date of Management's Review**

Subsequent events were evaluated through September 10, 2010, which is the date the financial statements were available to be issued.

**Nature of Activities**

The Louisiana Real Estate Commission is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:1430 - 1470, within the Office of the Governor, and is domiciled in East Baton Rouge Parish. The commission consists of eleven members appointed by the governor. The members may receive a per diem not to exceed \$50 per meeting or day spent on business of the commission, plus travel expenses. The commission is charged with the responsibility of regulating the issuance of real estate licenses and timesharing registrations. Operations of the commission are funded through self-generated revenues.

**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

**Reporting Entity**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The commission is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the commission members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana Real Estate Commission. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

**Fund Accounting**

All activities of the commission are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

The accounting and financial reporting treatment applied to the commission is determined by its measurement focus. The transactions of the commission are accounted for on a flow of economic resources measurement focus. With this

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**Notes to the Financial Statements**  
**June 30, 2010**

measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, restricted net assets, and unrestricted net assets.

**Budget Practices**

Annually, the commission adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2010, was adopted on December 18, 2008 and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the commission retains its unexpended net assets to fund expenditures of the succeeding year.

**Cash and Investments**

Cash includes petty cash, demand deposits and certificates of deposit. Under state law, the commission may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the commission may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the commission may invest in United States Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

**Capital Assets**

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	<u>Years</u>
Automobiles	5
Data processing equipment	5
Furniture and equipment	10
Buildings	40

**Compensated Absences**

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. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

**LOUISIANA REAL ESTATE COMMISSION**  
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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. 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 employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

**Net Assets**

Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Restricted net assets – Consists of external constraints placed on net assets use imposed by law through enabling legislation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

**NOTE 2 – CASH**

At June 30, 2010, the commission has cash (book balances) totaling \$1,771,421.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2010, the commission has \$1,808,068 in deposits (collected bank balances) that were 100 percent insured or collateralized with securities held by the commission or its agent in the commission's name.

**NOTE 3 – INVESTMENTS**

The commission has investments totaling \$563,904 at June 30, 2010 which was invested in U. S. Treasury Bills and certificates of deposits. These investments are stated at fair value as required by GASB 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*.

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**Office of the Governor**  
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**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets not depreciated				
Land	\$ 198,460	\$ -	\$ -	\$ 198,460
Total capital assets not depreciated	\$ 198,460	\$ -	\$ -	\$ 198,460
Other capital assets				
Furniture & Equipment	\$ 125,093	\$ -	\$ -	\$ 125,093
Less accumulated depreciation	(69,027)	(18,831)	-	(87,858)
Building	3,155,762	148,722	-	3,304,484
Less accumulated depreciation	(78,894)	(82,612)	-	(161,506)
Total other capital assets	\$ 3,132,934	\$ 47,279	\$ -	\$ 3,180,213
Capital Asset Summary:				
Capital assets not depreciated	\$ 198,460	\$ -	\$ -	\$ 198,460
Other capital assets	3,280,855	148,722	-	3,429,577
Less accumulated depreciation	(147,921)	(101,443)	-	(249,364)
Capital Assets, net	\$ 3,331,394	\$ 47,279	\$ -	\$ 3,378,673

**NOTE 5 – RETIREMENT SYSTEM**

Substantially all employees of the commission belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time commission employees are eligible to participate in the System. Benefits vest with 10 years of service. Generally, at 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. 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.

Vested employees eligible to participate 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 services, or (c) age 60 with 10 years of service. In addition, 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 ten years of service.



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The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the commission is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The commission's contribution rate for fiscal years ended June 30, 2010, 2009, and 2008 were 18.6%, 18.5%, and 20.4%, respectively, of annual covered payroll. The commission's contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$176,258, \$174,358, and \$167,521, respectively, which are the required contributions for each year.

**NOTE 6 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

**Plan Description**

The Commission provides certain continuing health care and life insurance benefits for its eligible retired employees and their beneficiaries through participation in the State of Louisiana's health insurance plan administered by the Office of Group Benefits (OGB), an agent multiple-employer defined benefit plan. Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. The OGB does not issue a stand-alone report; however, OGB is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR) which may be obtained from the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095, or by calling (225) 342-0708.

**Funding Policy**

Louisiana Revised Statute 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the contribution rate based on years of service. The contribution rate ranges from 25% to 81%. Other post-employment benefits (OPEB) administered through the OGB are financed on a pay-as-you-go basis.

**Annual OPEB Cost**

For the 2009/10 fiscal year, the Commission's annual OPEB cost (expense) of \$268,000 was equal to the annual required contribution (ARC). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009/10 fiscal year are:

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**Office of the Governor**  
**State of Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2010**

<u>Fiscal Year</u>	<u>Annual OPEB cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 266,000	25.4%	\$ 807,500
6/30/09	\$ 353,400	19.1%	\$ 608,300
6/30/08	\$ 396,000	18.7%	\$ 321,759

**Funded Status and Funding Progress:** The funded status of the plan as of July 1, 2009 is as follows:

Actuarial accrued liability (AAL)	\$3,496,000
Actuarial value of plan assets	None
Unfunded actuarial accrued liability (UAAL)	\$3,496,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$1,197,667
UAAL as a percentage of covered payroll	292%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

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

In the July 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) and an annual healthcare cost trend rate of 8.5% (pre-medicare) and 10.1% (medicare eligible) initially, reduced by decrements to an ultimate rate of 5.0% (pre-medicare and medicare eligible) and after fifteen years. The unfunded actuarial liability is shown using both a level dollar amount and a level percent of pay over an amortization period of thirty years in developing the annual required contribution.

**LOUISIANA REAL ESTATE COMMISSION**  
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**Notes to the Financial Statements**  
**June 30, 2010**

**NOTE 7 – LEASE AND RENTAL COMMITMENTS**

Lease and rental expenses for the year ended June 30, 2010 totaled \$6,770. The Commission has no capital leases.

**NOTE 8 – PAYABLES**

At June 30, 2010, the Commission had payables totaling \$114,295 as follows:

Accounts payable	\$ 43,917
Accrued wages payable	69,389
Refunds payable	989
Total payables	<u>\$114,295</u>

**NOTE 9 – COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences for the year ended June 30, 2010:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>June 30, 2010</u>
Compensated Absences	\$ 106,778	\$ 7,489	\$ 114,267

The additions to compensated absences during the 2009-10 fiscal year represent the net change during the year because the additions and deductions could not readily be determined.

**NOTE 10 – LITIGATION**

The Louisiana Real Estate Commission intervenes in lawsuits filed against a licensee for the purpose of protecting the commission's exposure under the Louisiana Real Estate Recovery Fund. At June 30, 2010, the total exposure to the Recovery Fund is estimated to be \$20,000. Of this amount, it is reasonably possible that \$20,000 will result in payments to claimants.

**NOTE 11 – OTHER REVENUES**

Other revenues consist of \$2,632,977 of fees collected from licensees and disbursed as premiums for errors and omissions insurance and \$4,903 of miscellaneous revenue.

**NOTE 12 – SUBSEQUENT EVENT**

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bond proceeds will be used to pay off the interim construction loan on the building. At June 30, 2010, the loan was with Regions Bank; on August 16, 2010, this loan was refinanced with Omni Bank. As part of the refinancing, the loan was paid down by \$446,538 to \$1,200,000. The new loan has an interest rate of 6% with payments based on a 20 year

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Notes to the Financial Statements**  
**June 30, 2010**

amortization and matures in 60 months with the balance due at that time. It is anticipated that this note will be paid off before maturity by the issuance of the aforementioned bonds, which will have terms similar to the note. Security for the loan with Omni Bank includes a pledge of Commission revenues, deposits with Omni Bank, and a mortgage on the Commission's land and building.

**Other Report Required By  
Government Auditing Standards**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the *Comptroller General of the United States*. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

*Roy Chenevert*

CERTIFIED PUBLIC ACCOUNTANT

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SOCIETY OF LOUISIANA CPAs

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF THE BASIC FINANCIAL STATEMENTS**

Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana Real Estate Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Real Estate Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Louisiana Real Estate Commission's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Real Estate Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Real Estate Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information and use of the commission and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

*Roy Chenevert, CPA*

Baton Rouge, Louisiana  
September 10, 2010

**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Schedule of Findings**  
**For the Year Ended June 30, 2010**

**Type of auditor's report issued: Unqualified.**

**Compliance: No instances of noncompliance were identified.**

**Internal control over financial reporting: No findings were identified.**



**LOUISIANA REAL ESTATE COMMISSION**  
**Office of the Governor**  
**State of Louisiana**  
**Summary Schedule of Prior Audit Findings**

**For the Year Ended June 30, 2009**

**There were no prior audit findings.**

## **SUPPLEMENTAL INFORMATION SCHEDULES**

### **PER DIEM PAID COMMISSION MEMBERS**

The schedule of per diem paid to commission members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:1433. Commission members are paid \$50 per day for commission meetings and official business.

### **SCHEDULE OF FUNDING PROGRESS FOR THE OTHER POSTEMPLOYMENT BENEFIT PLAN**

Information about the other post-employment benefit plan (OPEB) funding progress was prepared in compliance with GASB 45.

### **DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE**

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

**Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Schedule of Per Diem Paid Commission Members  
For the Year Ended June 30, 2010**

	<u>Amount</u>
Keitha L. Avant	\$ 100
Michael D. Bono	1,150
Paul R. Burns (appointed August 15, 2009)	-
Pat Caffery	450
Archie Carraway (appointed October 2, 2009)	1,050
Gretchen Ezernack	1,250
Timothy J. Flavin	1,300
Jennifer L. Lanasa	500
Judy Songy	1,450
Cynthia Stafford	1,400
Frank A. Trapani	<u>1,000</u>
Total	<u>\$ 9,650</u>

**Louisiana Real Estate Commission  
Office of the Governor  
State of Louisiana  
Schedule of Funding Progress  
For the Year Ended June 30, 2010**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage Of Covered Payroll</b>
7/1/09	NONE	\$3,496,000	\$3,496,000	0%	\$1,197,667	292%
7/1/08	NONE	\$4,220,000	\$4,220,000	0%	\$1,369,484	308%
7/1/07	NONE	\$4,352,500	\$4,352,500	0%	\$1,248,134	349%

**LOUISIANA REAL ESTATE COMMISSION**  
**STATE OF LOUISIANA**  
**Annual Financial Statements**  
**June 30, 2010**

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**AFFIDAVIT**

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Schedule Number

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended June 30, 2010

LOUISIANA REAL ESTATE COMMISSION  
Post Office Box 14785  
Baton Rouge, Louisiana 70898-4785

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  
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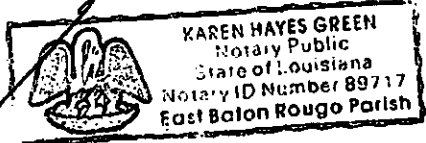
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AFFIDAVIT

Personally came and appeared before the undersigned authority, Albert B. Rowe, Chief Financial Officer of Louisiana Real Estate Commission who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Real Estate Commission at June 30, 2010 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 10th day of September, 2010.

Albert B. Rowe  
Signature of Agency Official

[Signature]  
NOTARY PUBLIC  


Prepared by: Albert B. Rowe

Title: Chief Financial Officer

Telephone No.: (225) 925-1923

Date: 9/10/2010

Email Address: arowe@lrec.state.la.us

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2010**

Management's Discussion and Analysis of the Louisiana Real Estate Commission's (BTA) financial performance presents a narrative overview and analysis of the Commission's (BTA) financial activities for the year ended June 30, 2010. 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 transmittal letter and the Commission's (BTA) financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Commission's (BTA) assets exceeded its liabilities at the close of fiscal year 2010 by 2,981,965, which represents a 9.5% decrease from last fiscal year. The net assets decreased by \$314,120 (or 9.5%).
- ★ The Commission's (BTA) revenue decreased \$112,274 (or 2.5%) and the net results from activities decreased by \$503,725 (or 9.6%).

**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*.



**Management's Discussion and Analysis**



**Basic Financial Statements**



**Required Supplementary Information  
(other than MD&A)**

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 Louisiana Real Estate Commission (BTA) 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.



**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2010**

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 Commission (BTA) is improving or deteriorating.

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

**Statement of Net Assets  
as of June 30, 2010 and 2009  
(in thousands)**

	Total	
	2010	2009
Current and other assets	\$ 2,353	\$ 2,935
Capital assets	3,379	3,331
<b>Total assets</b>	<b>5,732</b>	<b>6,266</b>
Other liabilities	280	347
Long-term debt outstanding	2,470	2,623
<b>Total liabilities</b>	<b>2,750</b>	<b>2,970</b>
<b>Net assets:</b>		
Invested in capital assets, net of debt	3,379	3,331
Restricted	400	400
Unrestricted	(797)	(435)
<b>Total net assets</b>	<b>\$ 2,982</b>	<b>\$ 3,296</b>

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.

Net assets of the Louisiana Real Estate Commission's (BTA) decreased by \$314,120, or 9.5%, from June 30, 2009 to June 30, 2010.

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2010**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
for the years ended June 30, 2010 and 2009  
(in thousands)**

	<b>Total</b>	
	<b>2010</b>	<b>2009</b>
Operating revenues	\$ 1,799	\$ 1,802
Operating expenses	2,128	2,512
Operating income(loss)	<u>(329)</u>	<u>(710)</u>
Non-operating revenues	2,647	2,755
Non-operating expenses *	<u>(2,632)</u>	<u>(2,751)</u>
Income(loss) before transfers	<u>(314)</u>	<u>(706)</u>
Transfers in	-	-
Transfers out	<u>-</u>	<u>-</u>
Net increase(decrease) in net assets	\$ <u><u>(314)</u></u>	\$ <u><u>(706)</u></u>

\* Enter expenses as a negative amount

The Louisiana Real Estate Commission's (BTA) total revenues decreased by \$112,274 or (2.5%). The total cost of all programs and services decreased by \$503,725 or 9.6%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year ended June 30, 2010, the Louisiana Real Estate Commission (BTA) had \$3,378,673 invested in a broad range of capital assets, including land, building, and furniture and equipment (see accompanying Table). This amount represents a net increase (including additions and deductions) of \$47,279, or 1.4%, over last year.

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

- \$149 additions to building

STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2010

	2010	2009
Land	\$ 198	\$ 198
Buildings and improvements	3,143	3,077
Equipment	37	56
Infrastructure		
Intangible Assets		
Totals \$	<u>3,378</u>	<u>\$ 3,331</u>

**Debt**

The Louisiana Real Estate Commission (BTA) had \$1,639,246 in notes outstanding at year-end, compared to \$1,990,325 last year, a decrease of 17.6% as shown in the accompanying table.

<b>Outstanding Debt at Year-end</b> <b>(in thousands)</b>		
	2010	2009
General Obligation Bonds	\$	\$
Revenue Bonds and Notes	1,639	1,990
Totals \$	<u>1,639</u>	<u>\$ 1,990</u>

The Commission (BTA) had no claims and judgments outstanding at year-end. Other obligations include accrued vacation pay and sick leave.

**CONTACTING THE LOUISIANA REAL ESTATE COMMISSION'S (BTA) MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana Real Estate Commission's (BTA) finances and to show the Commission's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director, Louisiana Real Estate Commission, Post Office Box 14785, Baton Rouge, Louisiana 70898-4785.

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION (BTA)  
BALANCE SHEET  
AS OF JUNE 30, 2010**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 1,771,421
Restricted Cash and Cash Equivalents	
Investments	563,903
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	11
Due from other funds (Note Y)	18,153
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	2,353,489

**NONCURRENT ASSETS:**

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	198,460
Buildings and improvements	3,142,978
Machinery and equipment	37,235
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	3,378,673
Total assets	\$ 5,732,162

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 114,295
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	74,889
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	91,089
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	280,273

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	
Compensated absences payable	23,178
Capital lease obligations	
Claims and litigation payable	
Notes payable	1,639,246
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	807,500
Other long-term liabilities	
Total noncurrent liabilities	2,469,924
Total liabilities	2,750,197

**NET ASSETS**

Invested in capital assets, net of related debt	3,378,673
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	300,000
Unrestricted	(796,708)
Total net assets	2,981,965
Total liabilities and net assets	\$ 5,732,162

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

**STATE OF LOUISIANA**  
**LOUISIANA REAL ESTATE COMMISSION (BTA)**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Statement B**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$
Assessments	
Use of money and property	
Licenses, permits, and fees	1,798,908
Other	
Total operating revenues	1,798,908
<b>OPERATING EXPENSES</b>	
Cost of sales and services	
Administrative	2,127,748
Depreciation	
Amortization	
Total operating expenses	2,127,748
Operating income(loss)	(328,840)
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	8,691
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	2,637,880
Other expense	(2,631,851)
Total non-operating revenues(expenses)	14,720
Income(loss) before contributions, extraordinary items, & transfers	(314,120)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(314,120)
Total net assets - beginning	3,296,085
Total net assets - ending	\$ 2,981,965

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

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION (BTA)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement C**

See Appendix B for instructions

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 2,127,748	\$ 1,798,908	\$	\$	\$ (328,840)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					8,691
Miscellaneous					6,029
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					14,720
Change in net assets					(314,120)
Net assets - beginning as restated					3,296,085
Net assets - ending					\$ 2,981,965

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION (BTA)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D  
(continued)**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 1,780,755	
Cash payments to suppliers for goods and services	(472,985)	
Cash payments to employees for services	(1,421,915)	
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		(114,145)
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
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	6,029	
Net cash provided(used) by non-capital financing activities		6,029
<b>Cash flows from capital and related financing activities</b>		
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	(351,079)	
Interest paid on notes payable		
Acquisition/construction of capital assets	(148,722)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		(499,801)
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities	376,855	
Interest and dividends earned on investment securities	8,729	
Net cash provided(used) by investing activities		385,584
Net increase(decrease) in cash and cash equivalents		(222,333)
Cash and cash equivalents at beginning of year		1,993,754
Cash and cash equivalents at end of year	\$	1,771,421

**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION (BTA)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010**

**Statement D  
(concluded)**

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

Operating income(loss)	\$ (328,840)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:	
Depreciation/amortization	101,443
Provision for uncollectible accounts	
Other	
Changes in assets and liabilities:	
(Increase)decrease in accounts receivable, net	
(Increase)decrease in due from other funds	(18,153)
(Increase)decrease in prepayments	
(Increase)decrease in inventories	
(Increase)decrease in other assets	
Increase(decrease) in accounts payable and accruals	(32,777)
Increase(decrease) in compensated absences payable	7,488
Increase(decrease) in due to other funds	(41,006)
Increase(decrease) in deferred revenues	
Increase(decrease) in OPEB payable	199,200
Increase(decrease) in other liabilities	(1,500)
Net cash provided(used) by operating activities	\$ (114,145)

**Schedule of noncash investing, capital, and financing activities:**

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

The accompanying notes are an integral part of this statement.



**STATE OF LOUISIANA  
LOUISIANA REAL ESTATE COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended June 30, 2010**

**INTRODUCTION**

The Louisiana Real Estate Commission (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1430 - 1470. The following is a brief description of the operations of the Commission (BTA) and includes the parish/parishes in which the (BTA) 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 the Louisiana Real Estate Commission (BTA) present information only as to the transactions of the programs of the Commission (BTA) 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 Commission (BTA) 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 Louisiana Real Estate Commission (BTA) are annual lapsing appropriations.

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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:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,094,694</u>
Amendments:	<u>(375,935)</u>
	<u></u>
Final approved budget	\$ <u>4,718,759</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 Louisiana Real Estate Commission (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) 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 required to be held in the name of the pledging fiscal agent

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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 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.**

The deposits at June 30, 2010, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 1,771,421	\$	\$	\$ 1,771,421
Deposits in bank accounts per bank	\$ 1,808,068	\$	\$	\$ 1,808,068
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

**NOTE:** The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

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

Banking Institution	Program	Amount
1. Capital One Bank		\$ 1,446,747
2. JP Morgan Chase Bank		120,312
3. Regions Bank		3,156
4. Hancock Bank		237,853
Total		\$ 1,808,068

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

Cash in State Treasury	\$	<u>NONE</u>
Petty cash	\$	<u>300</u>

**2. INVESTMENTS**

The Louisiana Real Estate Commission (BTA) does maintain investment accounts as authorized by Louisiana Revised Statute 49:327(C).

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

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

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<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ 375,000	\$ 375,000
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	188,904	188,904
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ***	_____	_____	_____	_____
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 563,904	\$ 563,904

\* Unregistered - not registered in the name of the government or entity

\*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix C for the definition of U.S. Government Obligations)

\*\*\* LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level.

**3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND  
FOREIGN CURRENCY RISK DISCLOSURES - NOT APPLICABLE**

- A. Credit Risk of Debt Investments - NOT APPLICABLE
- B. Interest Rate Risk of Debt Investments - NOT APPLICABLE
- C. Concentration of Credit Risk - NOT APPLICABLE
- D. Foreign Currency Risk - NOT APPLICABLE

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**4. DERIVATIVES (GASB 53) – NOT APPLICABLE**

- A. Summary of Derivative Instruments – NOT APPLICABLE**
- B. Investment Derivative Instruments – NOT APPLICABLE**
- C. Hedging Derivative Instruments – NOT APPLICABLE**
- D. Contingent Features – NOT APPLICABLE**
- E. Hybrid Instruments – NOT APPLICABLE**
- F. Synthetic Guaranteed Investment Contracts (SGICs) – NOT APPLICABLE**

**5. POLICIES – NOT APPLICABLE**

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE**

**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.

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Capital assets not being depreciated									
Land	\$	\$	\$	\$	198,460	\$	\$	\$	198,460
Non-depreciable land improvements					-				-
Non-depreciable easements					-				-
Capitalized collections					-				-
Software Development in Progress					-				-
Construction in progress (CIP)					-				-
Total capital assets not being depreciated					198,460				198,460
Other capital assets									
Machinery and equipment					125,093				125,093
Less accumulated depreciation					(69,027)	(18,831)			(87,858)
Total Machinery and equipment					56,066	(18,831)			37,235
Buildings and improvements					3,155,762	148,722			3,304,484
Less accumulated depreciation					(78,894)	(82,612)			(161,506)
Total buildings and improvements					3,076,868	66,110			3,142,978
Depreciable land improvements					-				-
Less accumulated depreciation					-				-
Total land improvements					-				-
Infrastructure					-				-
Less accumulated depreciation					-				-
Total infrastructure					-				-
Software (internally generated and purchased)					-				-
Other Intangibles					-				-
Less accumulated amortization - software					-				-
Less accumulated amortization - other intangibles					-				-
Total intangibles					-				-
Total other capital assets					3,132,934	47,279			3,180,213
Capital assets not being depreciated					198,460				198,460
Other capital assets, at cost					3,280,855	148,722			3,429,577
Total cost of capital assets					3,479,315	148,722			3,628,037
Less accumulated depreciation and amortization					(147,921)	(101,443)			(249,364)
Capital assets, net	\$	\$	\$	\$	3,331,394	47,279	\$	\$	3,378,673

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets.

\*\* Enter a negative number with the exception of accumulated depreciation in the retirement and prior period adjustment column.

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**E INVENTORIES – NOT APPLICABLE**

**F RESTRICTED ASSETS – NOT APPLICABLE**

**G LEAVE**

**1 COMPENSATED ABSENCES**

The Louisiana Real Estate Commission (BTA) has the following policy on annual and sick leave

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

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

**2 COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2010 (fiscal year end) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105, is estimated to be \$ 0. The leave payable is recorded in the accompanying financial statements.

**H RETIREMENT SYSTEM**

Substantially all of the employees of the (BTA) 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.



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All full time (BTA) 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.

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 2008 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 online at:

[http://www.lasers.state.la.us/PDFs/Publications\\_and\\_Reports/Fiscal\\_Documents/Comprehensive\\_Financial\\_Reports/Comprehensive\\_20Financial\\_20Reports\\_08.pdf](http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive_20Financial_20Reports_08.pdf)

Members are required by state statute to contribute with the single largest group (regular members) contributing 7.5% of gross salary, and the (BTA) 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, 2010, increased to 18.6% of annual covered payroll from the 18.5% and 20.4% required in fiscal years ended June 30, 2009 and 2008, respectively. The (BTA) contributions to the System for the years ending June 30, 2010, 2009, and 2008 were \$176,258, \$174,358, and \$167,521, respectively, equal to the required contributions for each year.

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**I OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

**I Calculation of Net OPEB Obligation**

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.dca.louisiana.gov/OSRA1/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010." Report note disclosures for other plans, not administered by OGB, separately.

Annual OPEB expense and net OPEB Obligation		06/30/10
Fiscal year ending		
1 * ARC		\$266.0
2 Interest on NOO (4% )		\$24.3
3 * ARC adjustment		\$23.2
4 * Annual OPEB Expense (1 + 2 + 3)		\$267.1
5 Contributions (employer pmts. to OGB for retirees' cost of 2010 insurance premiums)		\$67.9
6 Increase in Net OPEB Obligation (4 - 5)		\$199.2
7 *NOO beginning of year (see actuarial valuation report on OSRAP's website)		\$608.3
8 **NOO end of year (6 + 7)		\$807.5

\*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2009, to be used for fiscal year ending June 30, 2010."

\*\*This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2010 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see Appendix D in the back of this packet.

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**2 Note Disclosures**

**Plan Description**

The Commission provides certain continuing health care and life insurance benefits for its eligible retired employees and their beneficiaries through participation in the State of Louisiana's health insurance plan administered by the Office of Group Benefits (OGB) an agent multiple employer defined benefit plan. Louisiana Revised Statute 42:801.883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. The OGB does not issue a stand alone report; however, OGB is included in the State of Louisiana's Comprehensive Annual Financial Report (CAFR) which may be obtained from the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap) by writing to P O Box 94095 Baton Rouge Louisiana 70804-9095 or by calling (225) 342-0708.

**Funding Policy**

Louisiana Revised Statute 42:801.883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. Employees hired before January 1, 2002 pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002 pay a percentage of the contribution rate based on years of service. The contribution rate ranges from 25% to 81%. Other post employment benefits (OPEB) administered through the OGB are financed on a pay as you go basis.

**Annual OPEB Cost**

For the 2009/10 fiscal year, the Commission's annual OPEB cost (expense) of \$266,000 was equal to the annual required contribution (ARC). The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009/10 fiscal year are:

<u>Fiscal Year</u>	<u>Annual OPEB cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 266,000	25.4%	\$ 807,500
6/30/09	\$ 353,400	19.1%	\$ 608,300
6/30/08	\$ 396,000	18.7%	\$ 321,759

**Funded Status and Funding Progress** The funded status of the plan as of July 1, 2009 is as follows:

Actuarial accrued liability (AAL)	\$3,496,000
Actuarial value of plan assets	None
Unfunded actuarial accrued liability (UAAL)	\$3,496,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$1,197,667
UAAL as a percentage of covered payroll	292%

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions**

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

In the July 1, 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) and an annual healthcare cost trend rate of 8.5% (pre-medicare) and 10.1% (medicare eligible) initially, reduced by decrements to an ultimate rate of 5.0% (pre-medicare and medicare eligible) and after fifteen years. The unfunded actuarial liability is shown using both a level dollar amount and a level percent of pay over an amortization period of thirty years in developing the annual required contribution.

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2009/10 amounted to \$6,770. A schedule of payments for operating leases follows:

Nature of lease	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016- 2020	FY 2021- 2025
Office Space	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ NONE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**2. CAPITAL LEASES – NOT APPLICABLE**

**3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE**

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**4. LESSOR – OPERATING LEASE – NOT APPLICABLE**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2010:

	<u>Year ended June 30, 2010</u>			<u>Balance June 30, 2010</u>	<u>Amounts due within one year</u>
	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$	- \$
Bonds payable					
Total notes and bonds					
<b>Other liabilities:</b>					
Contracts payable					
Compensated absences payable	106,778	7,489		114,267	91,089
Capital lease obligations					
Claims and litigation					
Pollution remediation obligation					
OPFB payable					
Other long-term liabilities					
Total other liabilities	106,778	7,489	-	114,267	91,089
Total long-term liabilities	\$ 106,778	\$ 7,489	\$ -	\$ 114,267	\$ 91,089

(Balances at June 30<sup>th</sup> should include current and non-current portion of long-term liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the Balance Sheet for each type of long-term liabilities.

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE**

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**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) - NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS - NOT APPLICABLE**

**T. SHORT-TERM DEBT - NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2010, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$	\$	\$	\$ 11	\$ 11
Gross receivables	\$ -	\$ -	\$ -	\$ 11	\$ 11
Less allowance for uncollectible accounts					
Receivables, net	\$ -	\$ -	\$ -	\$ 11	\$ 11
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2010, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 43,917	\$ 69,389	\$	\$ 989	\$ 114,295
Total payables	\$ 43,917	\$ 69,389	\$ -	\$ 989	\$ 114,295

**W. SUBSEQUENT EVENTS**

The Louisiana Real Estate Commission has received approval from the Louisiana Bond Commission to borrow the proceeds of revenue bonds to construct new office space for the commission located at 9071 Interline Avenue, Baton Rouge, Louisiana. The bond proceeds will be used to pay off the interim construction loan on the building. At June 30, 2010, the loan was with Regions Bank; on August 16, 2010, this loan was refinanced with Omni Bank. As part of

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**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2010**

the refinancing, the loan was paid down by \$446,538 to \$1,200,000. The new loan has an interest rate of 6% with payments based on a 20 year amortization and matures in 60 months with the balance due at that time. It is anticipated that this note will be paid off before maturity by the issuance of the aforementioned bonds, which will have terms similar to the note. Security for the loan with Omni Bank includes a pledge of Commission revenues, deposits with Omni Bank, and a mortgage on the Commission's land and building.

**X. SEGMENT INFORMATION – NOT APPLICABLE**

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

1. List by fund type the amounts due from other funds detailed by individual fund at fiscal year end:

(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
La Real Estate Appraisers Board		\$ 18,153
Total due from other funds		\$ 18,153

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$
Total due to other funds		\$ NONE

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$
Total transfers from other funds		\$ NONE

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
		\$

**STATE OF LOUISIANA**  
**LOUISIANA REAL ESTATE COMMISSION (BTA)**  
**Notes to the Financial Statement**  
**As of and for the year ended June 30, 2010**

Total transfers to other funds		\$ <u>NONE</u>

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE**

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE**

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

Of the total net assets reported on Statement A at June 30, 2010, \$400,000 are restricted by enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.

<u>Purpose of Restriction</u>	<u>LA Revised Statute Authorizing Revenue</u>	<u>Amount</u>
Louisiana Real Estate Recovery Fund	LSA-RS 37:1461	\$ 400,000
Total		\$ 400,000

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2010, the Commission paid no voluntary or involuntary termination benefits.

There is no liability for accrued voluntary or involuntary termination benefits payable at June 30, 2010.

Termination benefits include payments for unused annual leave balances up to 300 hours.

**EE. POLLUTION REMEDIATION OBLIGATIONS – NOT APPLICABLE**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**



Name	Amount
Keitha L. Avant	\$ 100
Michael D. Bono	1150
Paul R. Burns	0
Pat Caffery	450
Archie Carraway	1050
Gretchen Ezernack	1250
Timothy J. Flavin	1300
Jennifer L. Lanasa	500
Judy Songy	1450
Cynthia Stafford	1400
Frank A. Trapani	1000
Total	\$ 9,650

## SCHEDULE 1

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF NOTES PAYABLE**  
 \_\_\_\_\_, 20\_\_\_\_  
 (Fiscal close)  
**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

\*Send copies of new amortization schedules

STATE OF LOUISIANA  
 \_\_\_\_\_ (BTA)  
**SCHEDULE OF BONDS PAYABLE**  
 \_\_\_\_\_, 20\_\_\_\_  
 (Fiscal close)  
**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<b>Series:</b>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Unamortized Discounts and Premiums Series:</b>							
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

**\*Note: Principal outstanding (bond series/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.  
 Send copies of new amortization schedules for bonds and unamortized costs.**

**STATE OF LOUISIANA**  
**\_\_\_\_\_ (BTA)**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**

NOT APPLICABLE

Ending:	Payment	Interest	Principal	Balance
2011	\$ _____	\$ _____	\$ _____	\$ ____ --
2012	_____	_____	_____	____ --
2013	_____	_____	_____	____ --
2014	_____	_____	_____	____ --
2015	_____	_____	_____	____ --
2016-2020	_____	_____	_____	____ --
2021-2025	_____	_____	_____	____ --
2026-2030	_____	_____	_____	____ --
2031-2035	_____	_____	_____	____ --
Total	\$ ____ --	\$ ____ --	\$ ____ --	\$ ____ --

**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For the Year Ended June 30, 20\_\_**

**NOT APPLICABLE**

<b>Fiscal Year Ending:</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2011	\$ _____	\$ _____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016-2020	_____	_____
2021-2025	_____	_____
2026-2030	_____	_____
2031-2035	_____	_____
Total	\$ _____ <b>--</b>	\$ _____ <b>--</b>

**SCHEDULE 4-B**

**STATE OF LOUISIANA**  
**(BTA)**  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
**For The Year Ended June 30, 20\_\_**  
**NOT APPLICABLE**

<u>Fiscal Year Ending:</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ _____	\$ _____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
Total	\$ -- _____	\$ -- _____

**\*Note: Principal outstanding (bond series plus/minus unamortized costs) at 6/30/10 should agree to bonds payable on the Statement of Net Assets.**

SCHEDULE 4-C

## STATE OF LOUISIANA

(BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
NON-GAAP BASIS**

JUNE 30, 2010

NOT APPLICABLE

Financial  
Statement

Adjustments

ISIS Appropriation  
Report-08/16/10

Revised Budget

Variance  
Positive/(Negative)

Revenues:								
Intergovernmental Revenues	\$	\$	\$	-	\$	\$		\$
Federal Funds				-				
Sales of Commodities and Services				-				
Other				-				
Total appropriated revenues		-	-	-	-	-		-
Expenses:								
Cost of goods sold	\$	\$	\$	-	\$	\$		\$
Personal services				-				
Travel				-				
Operating Services				-				
Supplies				-				
Professional services				-				
Other charges				-				
Capital outlay				-				
Interagency transfers				-				
Debt service				-				
Other:								
Bad debts				-				
Depreciation				-				
Compensated absences				-				
Interest expense				-				
Other (identify)				-				
Total appropriated expenses		-	-	-	-	-		-
Excess (deficiency) of revenues over expenses (budget basis)	\$	-	\$	-	\$	-	\$	-

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

SCHEDULE 5

STATE OF LOUISIANA

(BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION  
NON-GAAP BASIS**

June 30, 2010

**NOT APPLICABLE**

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

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



**STATE OF LOUISIANA**  
**LOUISIANA REAL ESTATE COMMISSION (BTA)**  
**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 \$3 million, explain the reason for the change.

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>4,445,479</u>	\$ <u>4,557,753</u>	\$ <u>(112,274)</u>	\$ <u>(2.5%)</u>
Expenses	<u>4,759,599</u>	<u>5,263,324</u>	<u>(503,725)</u>	<u>(9.6%)</u>
2) Capital assets	<u>3,378,673</u>	<u>3,331,394</u>	<u>47,279</u>	<u>1.4%</u>
Long-term debt	<u></u>	<u></u>	<u>-</u>	<u></u>
Net Assets	<u>2,981,965</u>	<u>3,296,085</u>	<u>(314,120)</u>	<u>(9.5%)</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			

**SCHEDULE 16 - COOPERATIVE ENDEAVORS  
FOR THE YEAR ENDED JUNE 30, 2010  
NAME \_\_\_\_\_**

AGENCY NUMBER  
AGENCY

**NOT APPLICABLE**

[illegible]