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LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1987 AND 1986

AND

INDEPENDENT AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the wardens, or reviewed, orally 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.

OCT 01 1987

Release Date _____

62-0117 62-02026
STATE OF LOUISIANA
LEGISLATIVE AUDITOR

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1997 AND 1996

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance for the Years Ended June 30, 1997 and 1996	4
Statement of Receipts, Disbursements and Changes in Cash Balance - Budget (Cash Basis) and Actual for the Year Ended June 30, 1997	5
Statement of Receipts, Disbursements and Changes in Cash Balance - Budget (Cash Basis) and Actual for the Year Ended June 30, 1996	6
Notes to Financial Statements	7-18
Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	19-20
Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	21-22

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ALAN J. STANER, CPA
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AN EQUAL OPPORTUNITY FIRM

INDEPENDENT AUDITOR'S REPORT

Louisiana Licensed Professional Counselors Board of Examiners
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Licensed Professional Counselors Board of Examiners (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1997 and 1996, as listed in the table of contents. These financial statements are the responsibility of the Louisiana Licensed Professional Counselors Board of Examiners. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Louisiana Licensed Professional Counselors Board of Examiners, and are not intended to present fairly the financial position of the State of Louisiana and the results of its operations and cash flows of its proprietary fund types and nonproprietary trust funds in conformity with generally accepted accounting principles.

In accordance with **Governmental Auditing Standards**, we have also issued a report dated September 10, 1997 on our consideration of the Board's internal control structure and a report dated September 10, 1997 on its compliance with laws and regulations.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Licensed Professional Contractors Board of Examiners of the State of Louisiana as of June 30, 1997, and the results of its operations for the years ended June 30, 1997 and 1996 in conformity with generally accepted accounting principles.

Arthur J. Company

September 10, 1997

LOUISIANA LICENSED PROFESSIONAL COUNSELLORS BOARD OF EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1997

	Governmental Fund Types		Account Groups		Total (Macrosubtotal Only)
	General Fund	Special Fund	General Fund/Account	Long-Term Obligations	
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 88,811	-	\$ -	-	\$ 88,811
Accounts receivable	13,000	-	-	-	13,000
Prepaid expenses	925	-	-	-	925
Fund assets	-	18,821	-	-	18,821
Total Assets	\$ 105,736	\$ 18,821	\$ -	\$ -	\$ 124,557
LIABILITIES AND FUND EQUITY					
Accounts payable and accrued expenses	\$ 2,218	-	\$ -	-	\$ 2,218
Accumulated annual leave	-	-	-	1,474	1,474
Total Liabilities	2,218	-	-	1,474	3,692
FUND EQUITY					
Investment in general fund assets	-	18,821	-	-	18,821
Fund balances - unreserved and undesignated	100,488	-	-	(1,474)	99,014
Total Fund Equity	100,488	18,821	-	(1,474)	118,835
Total Liabilities and Fund Equity	\$ 105,736	\$ 18,821	\$ -	\$ -	\$ 124,557

The accompanying notes are an integral part of this statement.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE

FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	<u>General Fund</u>	
	<u>1997</u>	<u>1996</u>
Revenues:		
Licenses, permits and fees	\$ 98,975	\$ 88,100
Use of money and property - interest earnings	878	937
Other revenue	<u>413</u>	<u>625</u>
Total Revenues	<u>99,266</u>	<u>89,662</u>
Expenditures:		
General government:		
Personal services and related benefits	41,680	37,159
Professional services	28,987	28,846
Operating services	23,226	14,485
Materials and supplies	608	1,493
Travel and other charges	6,435	8,104
Capital outlay	<u>302</u>	<u>0</u>
Total Expenditures	<u>99,924</u>	<u>88,087</u>
Excess (Deficiency) of Revenues over Expenditures	(658)	2,575
Fund Balance - beginning of year	<u>106,276</u>	<u>103,651</u>
Fund Balance - end of year	<u>\$105,618</u>	<u>\$106,226</u>

The accompanying notes are an integral part of this statement.

LOUISIANA LICENSED PROFESSIONAL COUNSELLORS BOARD OF EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 BUDGET (CASH BAMES) AND ACTUAL
 GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1997

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
RECEIPTS:			
Licenses, permits and fees	\$ 82,699	\$ 88,179	\$ 5,479
Interest earned	-	878	878
Other revenues	-	412	412
Total Receipts	82,699	89,469	6,769
DISBURSEMENTS:			
Personal services and benefits	41,629	49,997	8,367
Professional services	19,899	22,028	2,129
Operating services	28,816	24,923	4,893
Materials and supplies	1,508	944	564
Travel and other charges	8,098	6,423	1,675
Capital outlay	1,558	702	856
Total Disbursements	118,508	99,017	19,491
Excess (Deficiency) of Receipts Over Disbursements	(35,809)	(9,548)	26,261
Cash balance - beginning of year	99,369	93,169	-6,200
Cash balance - end of year	\$ 63,560	\$ 83,621	\$ 20,061

The accompanying notes are an integral part of this statement.

LOUISIANA LICENSED PROFESSIONAL COUNSELLORS BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
BUDGET (CASH BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1966

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
RECEIPTS:			
Licenses, permits and fees	\$ 49,975	\$ 87,278	\$ 36,303
Interest earned	4	617	617
Other revenues	—	682	682
Total Receipts	49,979	88,577	38,598
DISBURSEMENTS:			
Personal services and benefits	37,770	37,823	(53)
Professional services	36,360	27,286	9,074
Operating services	31,274	13,890	17,384
Materials and supplies	1,900	1,461	439
Taxes and other charges	3,297	8,194	(4,897)
Capital outlay	1,308	—	1,308
Total Disbursements	104,869	88,274	16,595
Excess (Deficiency) of Receipts Over Disbursements	(44,165)	368	44,533
Cash Balance - beginning of year	—	94,828	—
Cash Balance - end of year	\$ 50,007	\$ 95,204	\$ 44,204

The accompanying notes are an integral part of this statement

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Licensed Professional Counselors Board of Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA R.S.) 37:1106-1115. The Board is currently composed of seven members who are appointed by the Governor, who serve without compensation for terms of four years. Board members are selected from a list compiled by the Louisiana Counseling Association. The Board administers examinations and issues, renews, suspends, and/or revokes licenses of professional mental health counselors in the State of Louisiana. Operations of the Board are funded with self-generated revenues, including applications and license fees, renewals, examination fees, registration of supervision fees, and re-licensure fees for lost or destroyed licenses. The Board has one full-time employee and two part-time employees. At June 30, 1993, there were approximately 1,400 licensed professional counselors, and 285 counselor interns in the state.

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. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Licensed Professional Counselors Board of Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 1100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the Board members, and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana Licensed Professional Counselors Board of Examiners, a component unit of the State of Louisiana.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Annually, the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditors.

A. Fund Accounting

The accounts of the Louisiana Licensed Professional Counselors Board of Examiners are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General Fund

The General Fund is the principal fund and is used to account for the general operations of the Board. The various license fees and charges due the Board are accounted for in this fund. General operating expenditures are paid from this fund.

B. General Fixed Assets and General Long-Term Obligations

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds. The only long-term obligation of the Board is for accrued annual leave.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. General Fixed Assets and General Long-Term Obligations (Continued)

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures 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 Board's records are maintained on the modified accrual basis of accounting using the following practices:

Revenues

Application and license fees, examination fees, registration of supervisors fees, re-issuance fees for lost or destroyed licenses, as well as other revenues, are reported when received. Renewals are recognized when earned. Licenses must be renewed biennially by June 30 or become lapsed. A lapsed license may be renewed upon payment of all fees in arrears and presentation of evidence of completion of the continuing education requirement.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated vacation leave, which is recognized when paid.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2. BUDGET PRACTICES

Annually the Board adopts a budget that is submitted to the Department of Health and Hospitals, as prescribed by LSA R.S. 39:1331-1342. The budget for the fiscal year ended June 30, 1997 was adopted on December 15, 1995 and amended on December 9, 1996. The budget for the fiscal year ended June 30, 1996 was adopted on December 2, 1994 and amended on December 15, 1995. The adopted budgets were prepared and reported on the cash basis of accounting. The Board did not budget its beginning cash balances. Although budget amounts lapse at year-end, the Board retains its unexpended fund balance to fund expenditures of the succeeding year. Formal budget integration is not employed as a management control device during the year.

The revenues and expenditures shown in the statement of revenues, expenditures and changes in fund balance are reconciled with the receipts and disbursements reflected in the statements of receipts, disbursements and changes in cash balance - budget (cash basis) and actual as follows:

	1997	1996
Statement of revenues, expenditures and changes in fund balance - revenues	\$ 88,266	\$ 90,662
Add: Prior year receivables	14,208	13,380
Less: Current year receivables	(13,089)	(14,280)
Statement of receipts, disbursements and changes in cash balance-budget (cash basis) and actual - receipts	\$ 89,385	\$ 89,762

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

	<u>1992</u>	<u>1993</u>
Statement of revenues, expenditures and changes in fund balance - expenditures	\$ 93,924	\$ 88,897
Add: Prior year payables	3,826	3,645
Current year prepaid expenses	975	498
Less: Current year payables	(2,218)	(3,826)
Prior year prepaid expenses	<u> 488</u>	<u> -0-</u>
 Statement of receipts, disbursements and changes in cash balance-budget (cash basis) and actual - disbursements	 \$ 95,002	 \$ 88,354

Substantial budget variances for the years ended June 30, 1997 and 1998 are explained as follows:

Title	Variance- Favorable (Unfavorable)	Comments
For the year ended June 30, 1993:		
Professional services	\$14,973	Professional services are budgeted at contracted amounts based upon expected litigation. During fiscal year ended June 30, 1997, professional expenses did not reach contracted amounts.
Operating services	4,077	Promulgation of new rules was resuspended during the fiscal year ended June 30, 1997; therefore, no extra printing of new rules or mailings to licensed professional counselors as budgeted was required. These rules are currently in the process of being promulgated and should be complete by February, 1998.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2- BUDGET PRACTICES (Continued)

Title	Variance- Favorable (Unfavorable)	Comments
For the year ended June 30, 1996:		
Licenses, permits and fees	\$26,505	The number of renewals exceeded anticipated figures. Also, there was a larger number of new applicants applying for licenses and registration of supervision.
Professional services	8,744	Professional services are budgeted at contracted amounts based upon expected litigation. During fiscal year ended June 30, 1996, professional expenses did not reach contracted amounts and budgeted promulgation fees were not incurred.
Operating services	7,424	Additional funds were budgeted for postage and printing for anticipated mailings to licensed professional counselors and printing of new forms which did not occur during the fiscal year ended June 30, 1996.

3- CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash and demand deposits. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal 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.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS (Continued)

At June 30, 1997, the carrying amount of the Board's deposits was \$88,811 and the bank balance was \$90,511. Of the bank balance, \$90,511 was covered by federal depository insurance.

As reflected on the balance sheet, at June 30, 1997, the Board had cash and cash equivalents totaling \$88,811 as follows:

Interest-bearing demand deposits	\$ 38,430
Noninterest-bearing demand deposits	___50,381
	\$ 88,811

Cash and cash equivalents are stated at cost, which approximates market. Under state law, funds 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. At June 30, 1997, the Board had deposit balances of \$90,511, which was fully secured from risk by Federal deposit insurance (GASB Category 1).

4 - VACATION AND SICK LEAVE

The Louisiana Licensed Professional Counselors Board of Examiners has the following policy related to vacation and sick leave:

Employees earn vacation and sick leave at rates established by the Louisiana Department of Civil Service. The rate varies from twelve days of vacation time and twelve days of sick leave per year for new employees up to twenty four days of each for employees with over fifteen years of service. Employees can carry over unused time indefinitely. Upon termination of employment, the Board is obligated to pay the employee at their current hourly rate for all unused vacation time up to 300 hours.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4 - VACATION AND SICK LEAVE (Continued)

At June 30, 1997, employees of the Board had accumulated and vested \$1,474 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$-0- is recorded as an obligation of the General Fund and \$1,474 is recorded within the General Long-Term Obligation Account Group because the Board does not expect to pay it out of current resources. No liability has been recorded for accumulated vacation time in excess of 300 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

5 - TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial positions in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Since the Louisiana Licensed Professional Counselors Board of Examiners consists of only one fund, no memorandum totals are presented on the Statements of Revenues, Expenditures and Changes in Fund Balance or the Statements of Receipts, Disbursements and Cash Balance - Budget (Cash Basis) and Actual.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

6 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follow:

	Furniture and Equipment
Balance, July 1, 1995	\$ 19,329
Additions	—0—
Dispositions	____(210)
Balance, June 30, 1996	19,119
Additions	782
Dispositions	____—0—
Balance, June 30, 1997	\$ 19,821

In accordance with LSA R.S. 39:521-532, the Board has complied with the Louisiana movable property statutes.

7 - EMPLOYEE PENSION PLAN

Substantially all employees of the Board are members of the Louisiana State Employees Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

7. EMPLOYEE PENSION PLAN (Continued)

In addition to the employer contribution withheld at 3.9% of covered payroll for the fiscal years ended June 30, 1997 and 1996, the Board contributed an additional 12.4% and 12.0% of covered payroll for the years ended June 30, 1997 and 1996, respectively. Contributions to the System were funded through employee contributions of \$2,389 and \$1,993 for the years ended June 30, 1997 and 1996, respectively, and employer contributions of \$3,968 and \$1,265 for the years ended June 30, 1997 and 1996, respectively. The Board contributed \$1,968, \$1,265 and \$2,193 to the System for the years ended June 30, 1997, 1996 and 1995, respectively, which represented 700% of the required contribution for each year. The total payroll of the Board was \$36,961 and \$31,266 for the years ended June 30, 1997 and 1996, respectively, and the total payroll covered by the System was \$31,368 and \$27,287 for the years ended June 30, 1997 and 1996, respectively. Under present statutes, the Board does not guarantee any of the benefits granted by the System.

All full-time Board employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$200 plus 2.5 per cent of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vesting employees may retire at (a) any age with 34 years of service, (b) age 55 with 29 years of service, or (c) age 60 with 19 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1997 comprehensive annual financial report which is separately issued. Benefits granted by the System are guaranteed by the State of Louisiana under the Louisiana Constitution of 1974.

8. LEASE

The Board occupies leased premises at 801 Semans Avenue, Suite A, Baton Rouge, Louisiana on a five-year operating lease which expires May 31, 2001. The lease requires monthly rental payments of \$973. All taxes and general insurance are paid by the lessee. Utilities and building maintenance are paid by the lessor. Rent expense for the years ended June 30, 1997 and 1996 was \$11,708 and 5,736, respectively.

LOUISIANA LICENSED PROFESSIONAL COUNCILORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

8. LEASE (Continued)

Future annual minimum lease payments for the next five years and in the aggregate are as follows:

Year	Amount
1998	\$11,700
1999	11,700
2000	11,700
2001	10,725
2002	—\$0
	<u>\$45,825</u>

9. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the two years ended June 30, 1997:

Accumulated annual leave at July 1, 1995	\$ 1,050
Additions	138
Reductions	<u>—\$0</u>
Accumulated annual leave at June 30, 1996	1,188
Additions	85
Reductions	<u>—\$0</u>
Accumulated annual leave at June 30, 1997	<u>\$ 1,273</u>

The additions to compensated absences during the years ended June 30, 1997 and 1996 represent the net change during each year. The additions and deductions could not readily be determined; therefore, the net additions and deductions are reflected in the previous summary.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

10 - LITIGATION AND CLAIMS

At June 30, 1987, the Board was not involved in any litigation and was not aware of any claims which would not be covered by insurance as provided by coverage self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1987 and 1986, legal fees of \$15,388 and \$21,115, respectively, were incurred and recorded as expenditures in the general fund.

11 - SUBSEQUENT EVENT

Pursuant to the passage of House Bill 1948 during the fiscal year ended June 30, 1987, biennial renewal fees were increased from \$1 00 to \$1 50, registrations of supervision fees were increased from \$79 to \$1 00, a late fee of \$50 was enacted, and the Board was authorized to assess fines and costs connected with disciplinary actions, effective February 10, 1988.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Louisiana Licensed Professional Counselors Board of Examiners
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Licensed Professional Counselors Board of Examiners (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1996 and 1995, and have issued our report thereon, dated September 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the Louisiana Licensed Professional Counselors Board of Examiners is the responsibility of the Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Deloitte & Touche

September 18, 1997

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Louisiana Licensed Professional Counselors Board of Examiners
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Licensed Professional Counselors Board of Examiners (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1997 and 1995, and have based our report thereon dated September 10, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana Licensed Professional Counselors Board of Examiners is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Louisiana Licensed Professional Counselors Board of Examiners for the years ended June 30, 1997 and 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain conditions involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The size and nature of the operations of the Louisiana Licensed Professional Counselors Board of Examiners are such that the accounting functions are performed primarily by one staff person. Although Board members authorize and approve transactions in each of the internal control categories, the separation of duties, which is a basic element of any system of internal accounting control, is necessarily limited.

Management Response

Due to the size of the office staff and the budget, management does not feel that the Board can justify hiring additional personnel to segregate the accounting functions. The Board will continue to monitor all transactions within the accounting functions.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Berens & Company

September 10, 1997