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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1976 AND 1977
AND
INDEPENDENT AUDITOR'S REPORT

Under provisions of state law, this report is a public document. A copy of the report has been furnished to the auditor, or reviewed, and other appropriate public officials. The report is available for public inspection at the State Board of Health, Department of Health and Hospitals, at the office of the public clerk of court.

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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1998 AND 1997

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DERBES & COMPANY

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• A PROFESSIONAL
MEMBER FIRM COMPANY INC.

INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of
Practical Nurse Examiners
Department of Health and Hospitals
Metairie, Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Practical Nurse Examiners (the Board), a component unit of the State of Louisiana as of June 30, 1998 and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Practical Nurse 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, the standards applicable to financial audits contained in 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. 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 statements 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 State Board of Practical Nurse 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 nonexpendable trust funds in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 24, 1998 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Practical Nurse Examiners of the State of Louisiana as of June 30, 1998, and the results of its operations for the years ended June 30, 1998 and 1997 in conformity with generally accepted accounting principles.



August 14, 1998
Moutrie, Louisiana

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

	Governmental - Fiscal Year			Account Groups		Total (Memorandum Cash)
	General Fund	General Fund Assets	General Long-Term Obligation	General Fund Assets	General Long-Term Obligation	
ASSETS AND OTHER DEBIT						
Cash and cash equivalents	\$186,823	\$ -	\$ -	\$ -	\$ -	\$186,823
Fund assets	-0-	111,384	-0-	111,384	-0-	111,384
Amount to be provided for retirement of general long-term obligations	-0-	-0-	31,456	-0-	31,456	31,456
Total Assets	\$186,823	\$111,384	\$31,456	\$111,384	\$31,456	\$333,173
LIABILITIES AND FUND EQUITY						
Accounts payable and accrued expenses	\$ 35,869	\$ -	\$ -	\$ -	\$ -	\$ 35,869
Accumulated annual leave	-0-	-0-	31,456	-0-	31,456	31,456
Total Liabilities	\$35,869	-0-	\$31,456	-0-	\$31,456	\$67,325
FUND EQUITY						
Investment in general fund assets	-0-	111,384	-0-	111,384	-0-	111,384
Fund balance - unreserved and undesignated	351,854	-0-	-0-	-0-	-0-	351,854
Total Fund Equity	351,854	111,384	-0-	111,384	-0-	463,238
Total Liabilities and Fund Equity	\$387,723	\$111,384	\$31,456	\$111,384	\$31,456	\$503,273

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRACTICAL NURSE 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, 1998 AND 1997

	<u>General Fund</u>	
	<u>1998</u>	<u>1997</u>
Revenues:		
Licenses, permits and fees	\$335,073	\$307,177
Fines	41,123	31,899
Use of money and property - interest earnings	15,590	15,672
Other revenue	<u>1,400</u>	<u>1,220</u>
Total Revenues	<u>493,186</u>	<u>376,018</u>
Expenditures:		
General government:		
Personal services and related benefits	388,366	423,123
Professional services	18,805	48,073
Operating services	133,578	104,718
Materials and supplies	4,762	6,073
Travel and other charges	8,159	14,908
Capital outlay	<u>4,237</u>	<u>26,868</u>
Total Expenditures	<u>693,327</u>	<u>633,813</u>
Excess of Expenditures over Revenues	(199,141)	(57,795)
Fund Balance - beginning of year	<u>413,684</u>	<u>513,883</u>
Fund Balance - end of year	<u>\$214,543</u>	<u>\$256,088</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
 BUDGET (NO-GAAP BASIS) AND ACTUAL
 GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1998

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
RECEIPTS:			
Licenses, permits and fees	\$ 514,524	\$23,344	\$538,844
Fees	30,000	41,122	11,122
Interest earned	12,000	15,950	3,950
Other revenues	5,000	1,482	(3,518)
Total Receipts	\$561,524	\$50,402	\$77,922
DISBURSEMENTS:			
Personal services and benefits	501,000	565,762	(64,762)
Professional services	24,000	20,694	13,056
Operating services	126,100	144,281	(18,081)
Materials and supplies	20,000	5,631	14,369
Travel and other charges	15,000	8,991	6,009
Capital outlay	10,000	4,027	5,973
Total Disbursements	796,100	680,647	115,453
Excess of Disbursements Over Receipts	\$234,576	(86,245)	\$244,572
Cash Balance - July 1, 1997		483,121	
Cash Balance - June 30, 1998		\$296,876	

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 1997

	General Fund		Variance Favorable (Adverse)
	Budget	Actual	
RECEIPTS			
Licenses, permits and fees	\$546,226	\$577,127	\$31,001
Fees	17,976	31,869	14,893
Interest earned	12,876	15,673	2,631
Other revenue	3,828	1,323	(2,505)
Total Receipts	\$579,906	\$636,032	\$56,126
DISBURSEMENTS:			
Personal services and benefits	398,876	417,785	(28,909)
Professional services	43,216	91,271	(7,661)
Operating services	94,321	189,082	(14,864)
Materials and supplies	25,806	3,478	14,322
Travel and other charges	14,876	15,169	(1,289)
Capital outlay	3,828	28,922	(25,094)
Total Disbursements	\$620,853	\$656,707	\$35,854
Excess of Receipts Over Disbursements	\$1,10,053	(60,675)	\$170,728
Cash Balance - July 1, 1996		\$32,839	
Cash Balance - June 30, 1997		\$651,111	

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Practical Nurse Examiners (the Board) is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute (LSA-R.S.) 37:982. LSA-R.S. 38:800 transferred the supervision and control of the Louisiana State Board of Practical Nurse Examiners to the Department of Health and Hospitals. The Board is currently composed of twelve members who are appointed by and serve at the pleasure of the Governor for terms of six years. The Board is charged with the responsibility of licensing and regulating practical nurses. Operations of the Board are funded through self-generated revenues. At June 30, 1998 approximately 28,350 practical nurses were licensed.

In April 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 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 governments.

The Louisiana State Board of Practical Nurse Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2190 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 State Board of Practical Nurse Examiners, a component unit of the State of Louisiana.

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 Auditor.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting

The accounts of the Louisiana State Board of Practical Nurse 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 those individual funds based upon the purpose for which they are to be spent and the means by which operating 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 Fund 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 Obligation Account Group, not in the governmental funds. The only long-term obligations of the Board is for accrued annual leave.

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

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 basis applied. The Board's records are maintained on the modified accrual basis of accounting using the following practices:

Revenues

License fees, as well as other revenues, are reported when received. Licenses must be renewed annually by January 31 and are considered delinquent after that date. Interest income on short-term investments is recognized as it is earned.

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.

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. 16:903. The budget for the fiscal year ended June 30, 1993, adopted on October 13, 1993 and amended twice on November 8, 1996 and June 30, 1993, was prepared and reported on cash estimates. The budget for the fiscal year ended June 30, 1994, adopted on November 8, 1996 and amended once on November 1, 1997 was prepared and reported based on cash estimates. 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 employed as a management control device during the year.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

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

	1998	1997
Statement of revenues, expenditures and changes in fund balance - expenditures	\$667,707	\$613,416
Less: Current year payables	(25,528)	(27,448)
Prior year prepaid expense	0-	(4,945)
Add: Prior year payables	...21,480	...24,682
Statement of receipts, disbursements and changes in cash balance - budget (non-GAAP) and actual - disbursements	\$663,657	\$625,713

The revenues of \$555,097 shown on the statement of revenues, expenditures and changes in fund balance for the year ended June 30, 1998 were adjusted by \$242 in deferred revenues received during the year ended June 30, 1998, to arrive at the receipts of \$553,459 reflected on the statement of receipts, disbursements and changes in cash balance - budget (non-GAAP) and actual for the year ended June 30, 1998.

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

Title	Variance- Favorable (Unfavorable)	Comments
June 30, 1998: Fines	\$11,122	It is difficult to project the number and/or type of disciplinary cases that will come before the Board during any given year.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

Title	Variance- Favorable (Unfavorable)	Comments
Professional services	13,876	Expenses incurred for computer support services were charged to computer maintenance and repair included in operating services, while the budgeted amount was included in professional services.
Operating services	(18,081)	Budgeted materials and supplies included printing, which is included in operating services in actual disbursements.
Materials and supplies	14,389	Budgeted materials and supplies included printing, which is included in operating services in actual disbursements.
June 30, 1997: Fines	14,859	It is difficult to project the number and/or type of disciplinary cases that will come before the Board during any given year.
Operating services	(14,854)	Budgeted materials and supplies included printing, which is included in operating services in actual disbursements.
Materials and supplies	14,323	Budgeted materials and supplies included printing, which is included in operating services in actual disbursements.
Capital outlay	(23,605)	Expansion of the Board's office necessitated new computer hardware, which was not anticipated at the time of budget preparation.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit 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.

At June 30, 1995, the carrying amount of the Board's deposits was \$266,898 and the bank balance was \$293,362. Of the bank balance, \$100,000 was covered by federal depository insurance and \$193,362 was covered by collateral held by the Atlanta branch of the Federal Reserve Bank in the Board's name.

Certificates of deposit at June 30, 1995 consist of the following:

Depository	Date of Origination	Maturity	Interest Rate	Amount	Accrued Interest
Whitney National Bank	06/21/94	03/22/98	5.20%	\$120,625	\$162
Whitney National Bank	06/21/94	03/22/98	5.20%	<u>133,280</u>	<u>173</u>
Total				\$253,905	\$335

Certificates of deposit are collateralized by securities pledged by Whitney National Bank in the Board's name.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS (Continued)

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$286,523 at June 30, 1998. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of subkeeping receipts held by the state treasurer. The deposits at June 30, 1998 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Carrying Amount on Balance Sheet	\$186,638	\$280,242	\$466,880
Bank Balances:			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$113,487	\$279,965	\$393,452
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-0-	-0-	-0-
3. Uncollateralized, including any securities held for the entity but not in the entity's name	-0-	-0-	-0-
TOTAL Bank Balances	\$113,487	\$279,965	\$393,452

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4 - VACATION AND SICK LEAVE

The Louisiana State Board of Practical Nurse 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 180 hours.

At June 30, 1998, employees of the Board had accumulated and vested \$37,466 of employee leave benefits, which was computed in accordance with GASB Codification Section C90. Of this amount, \$-0- is recorded as an obligation of the General Fund and \$37,466 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 200 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 position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Since the Louisiana State Board of Practical Nurse 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 (non-GAAP Basis) and Actual.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTHS AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follows:

Balance, June 30, 1996	\$ 88,974
Additions	28,469
Dispositions	(17,615)
 Balance, June 30, 1997	 108,828
Additions	4,037
Dispositions	(1,481)
 Balance, June 30, 1998	 \$111,384

In accordance with LSA-R.S. 38:321-332, the Board has complied with the Louisiana movable property statute.

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. In addition to the employee contribution withheld at 7.5% of covered payroll, the Board contributed an additional 31.0% and 32.4% of covered payroll for the years ended June 30, 1998 and 1997, respectively. Contributions to the System were funded through employee and employer contributions of \$27,259 and \$47,608, respectively, for the year ended June 30, 1998. Contributions to the System were funded through employee and employer contributions of \$23,734 and \$39,766, respectively, for the year ended June 30, 1997. The Board contributed \$47,608, \$29,766 and \$14,632 to the System for the years ended June 30, 1998, 1997 and 1996, respectively, which represented 100% of the required contribution for each year. The total payroll of the agency was \$433,364 and its payroll covered by the System was \$363,458 for the year ended June 30, 1998. The total payroll of the agency was \$300,590 and its payroll covered by the System was \$116,194 for the year ended June 30, 1997. Under present statutes, the Board does not guarantee any of the benefits granted by the System.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

7 - EMPLOYEE PENSION PLAN (Continued)

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 \$300 plus 2.5 per cent of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire 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. The System also provides death and disability benefits. Benefits are established by state statute.

Historical trend information showing the System's program in accumulating sufficient assets to pay benefits when due is presented in the System's 1988 comprehensive annual financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the Louisiana Constitution of 1974.

8 - POSTRETIREMENT HEALTHCARE AND LIFE INSURANCE BENEFITS

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for these benefits if they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Board. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the years ended June 30, 1998 and 1993 the costs of retiree benefits totaled \$1,388 and \$387, respectively.

9 - LEASE

The Board occupies leased premises at 3421 N. Causeway Blvd., Suite 203, Metairie, Louisiana on a five-year operating lease which expires August 12, 1998. The lease requires monthly rental payments of \$5,774. All taxes, utilities and building maintenance are paid by the lessee. Rent expense for the years ended June 30, 1998 and 1993 was \$68,287 and \$68,693, respectively.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

9 - LEASE (Continued)

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

<u>June 30,</u>	
1999	\$67,287
2000	<u>8,000</u>
	\$75,287

10 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the two years ended June 30, 1998:

Accumulated annual leave at June 30, 1996	\$25,682
Additions	7,593
Reductions	<u> 0</u>
Accumulated annual leave at June 30, 1997	44,873
Additions	3,487
Reductions	<u>(18,896)</u>
Accumulated annual leave at June 30, 1998	\$27,464

Many of the Board's employees have accumulated annual leave in excess of the 360 hour maximum referred to in Note 4. Therefore, increases in accumulated annual leave arise primarily from annual increases in hourly wage rates applied to the hours accumulated.

11 - LITIGATION AND CLAIMS

At June 30, 1998, the Board was involved in one suit which is being handled by the Louisiana Department of Risk Management. Management believes that the suit has little merit and any claim would be covered by insurance. During the years ended June 30, 1998 and 1997, legal fees of \$9,217 and \$29,746, respectively, were incurred and recorded as current year expenditures in the general fund.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

12 - DEFERRED COMPENSATION PLAN

Certain employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

DERBES & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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FRANK J. PONSARDI, C.P.A.
* A DEED FIRM *
MEMBER OF THE CONFEDERATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana State Board of Practical Nurse Examiners. The supplementary information included in the Schedule of Compensation of Board Members has been subjected to the same auditing procedures and, in our opinion, is stated fairly in all material respects when considered in conjunction with the basic financial statements taken as a whole.

August 24, 1998
Metairie, Louisiana

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

SCHEDULE OF COMPENSATION OF BOARD MEMBERS

FOR THE YEARS ENDED JUNE 30, 1968 AND 1967

	Meetings Attended		Compensation	
	June 30, 1968	June 30, 1967	June 30, 1968	June 30, 1967
T. P. Beaudoin, Jr., M.D.	4	4	\$ 308	\$ 346
Walter J. Bivanti, M.D.	2	2	154	174
Ruby Chaussoir, L.P.N.	4	7	308	329
Bernard B. Caha, M.D.	0	3	-0-	225
Robert Connolly, R.N.	6	2	459	150
Mary Furbey, L.P.N.	0	2	-0-	158
Patricia Jancza, R.N.	4	3	308	229
Ann Latta, R.N.	7	6	555	379
Roberta Nelson, L.P.N.	4	0	308	-0-
Erin Metzler, L.P.N.	6	6	459	458
Ruth Shuttles, M.D.	0	1	-0-	75
William Scarsia, Jr., M.D.	4	0	308	-0-
Eugene S. Marks, M.D.	3	0	225	-0-
L.C. Tumbly, M.D.	3	3	225	225
Thelma Williams, L.P.N.	2	2	154	175
	48	51	\$1,673	\$1,223

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1975 Session of the Louisiana Legislature. Board members are paid \$75 for each board meeting they attend, as authorized by LSA-R.S. 37:508.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
Metairie, Louisiana

We have audited the financial statements of the Louisiana State Board of Practical Nurse Examiners (the Board), a component unit of the State of Louisiana, as of June 30, 1998 and for the years ended June 30, 1998 and 1997, and have issued our report thereon, dated August 20, 1998. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Audit Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

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

Follow-up on Prior Audit Compliance Finding

In the Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards as of June 30, 1994 and for the years ended June 30, 1995 and 1996, it was reported that the Board's cash deposits were undercollateralized. The bank account related to this finding was closed during February, 1998, and deposits transferred to another bank which provided the required pledge of securities on January 29, 1998.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Nursing's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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.



August 28, 1998
Metairie, Louisiana

DERBES & COMPANY

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• A PROFESSIONAL
ACCOUNTING CORPORATION

August 24, 1998

Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
Metairie, Louisiana

In planning and performing our audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners (the Board), a component unit of the State of Louisiana, as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we considered the Board's internal control over financial reporting to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assistance on the internal control over financial reporting. Additionally, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls, compliance with laws, regulations and contracts, and operating efficiency. The information that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Board's internal control over financial reporting and compliance with laws, regulations and contracts in our report dated August 24, 1998. This letter does not affect our report dated August 24, 1998, on the financial statements of the Louisiana State Board of Practical Nurse Examiners, a component unit of the State of Louisiana.

We have already discussed these comments and suggestions with various Board personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,



DERBES & COMPANY, CPAs, L.L.C.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
JUNE 30, 1998

Follow-up on Prior Audit Management Letter Comment

In the management letter issued in conjunction with the audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners as of June 30, 1996 and for the years ended June 30, 1996 and 1997, it was recommended that the Board obtain computer software capable of posting licensing and renewal revenues to the Real World computer general ledger system, and that Board staff receive sufficient software training to understand posting of accounts payable transactions to the general ledger and to utilize computer-generated reports for financial statement preparation. During our audit of the financial statements of the Board as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we found that Board staff had greatly improved its use of accounting software, had discontinued the practice of maintaining a manual set-of-books and was utilizing general ledger reports for financial statement purposes. We discussed the possibility of integrating the licensing software with the accounting software with Board staff; however, due to financial constraints, implementation of this integration is not currently practicable.