

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Louisiana State Board of  
Examiners for Sanitarians  
Department of Health and Hospitals  
State of Louisiana  
New Orleans, Louisiana

December 15, 1999



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE  
Legislative Auditor***

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**Daniel G. Kyle, Ph.D., CPA, CFE**

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**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
New Orleans, Louisiana**

**Financial Statements and Independent Auditor's Reports  
As of and for the Two Years Ended June 30, 1999  
With Supplemental Information Schedule**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

December 15, 1999

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

Financial Statements and Independent Auditor's Reports  
As of and for the Two Years Ended June 30, 1999  
With Supplemental Information Schedule

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December 6, 1999

Independent Auditor's Report on  
the Financial Statements

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We have audited the accompanying financial statements of the Louisiana State Board of Examiners for Sanitarians, a component unit of the State of Louisiana, as of June 30, 1999 and 1998, and for the fiscal years then ended, as listed in the table of contents. These financial statements are the responsibility of management of the Louisiana State Board of Examiners for Sanitarians. 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 and 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-A, these financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Louisiana State Board of Examiners for Sanitarians as of June 30, 1999 and 1998, and its cash collected, disbursements, and changes in cash balances for the years then ended, on the basis of accounting described in note 1-A.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 1999, on our consideration of the Louisiana State Board of Examiners for Sanitarians' internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

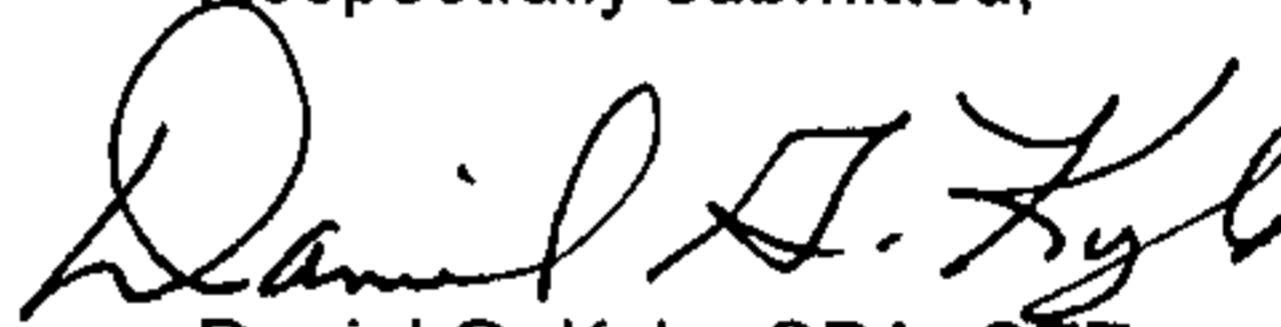
LEGISLATIVE AUDITOR

LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

Our audit was performed for the purpose of forming an opinion on the financial statements of the Louisiana State Board of Examiners for Sanitarians taken as a whole. The accompanying schedule of per diem paid board members is presented for purposes of additional analysis as required by House Concurrent Resolution No. 54 of the 1979 Regular Session of the Louisiana Legislature and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the cash basis financial statements taken as a whole.

This report is intended solely for the information and use of the Louisiana State Board of Examiners for Sanitarians and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

DBS:BJJ:PEP:ss

[SANITARY]



**Statement A**

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Cash Collected, Disbursements,  
and Changes in Cash Balance  
For the Years Ended June 30, 1999 and June 30, 1998**

	Year Ended June 30, 1999	Year Ended June 30, 1998
<b>CASH COLLECTED</b>		
Licenses, permits, and fees:		
License renewals	\$4,225	\$4,350
Temporary permits	1,660	1,060
Rejection fees	340	360
Penalties	150	145
Examination fees	130	55
Interest - checking account	125	119
Total cash collected	<u>6,630</u>	<u>6,089</u>
<b>DISBURSEMENTS</b>		
Bookkeeping/secretarial contract services	3,600	3,600
Per diem paid board members	320	320
Travel	371	253
Operating services:		
Insurance	380	1,460
Postage	500	957
Subscriptions	65	
Supplies	267	185
Total disbursements	<u>5,503</u>	<u>6,775</u>
<b>EXCESS (Deficiency) OF CASH COLLECTED OVER DISBURSEMENTS</b>	1,127	(686)
<b>CASH BALANCE AT BEGINNING OF PERIOD</b>	<u>10,872</u>	<u>11,558</u>
<b>CASH BALANCE AT END OF PERIOD</b>	<u><u>\$11,999</u></u>	<u><u>\$10,872</u></u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND

Statement of Cash Collected, Disbursements, and  
Changes in Cash Balance - Budget  
(Cash Basis) and Actual  
For the Years Ended June 30, 1999 and June 30, 1998

	JUNE 30, 1999		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>CASH COLLECTED</b>			
Licenses	\$6,000	\$6,505	\$505
Interest - checking account	400	125	(275)
Total cash collected	<u>6,400</u>	<u>6,630</u>	<u>230</u>
<b>DISBURSEMENTS</b>			
Bookkeeping/secretarial contract services	4,080	3,600	480
Per diem paid board members	450	320	130
Travel	1,200	371	829
Operating services	1,100	945	155
Supplies	200	267	(67)
Total disbursements	<u>7,030</u>	<u>5,503</u>	<u>1,527</u>
<b>EXCESS (Deficiency) OF CASH COLLECTED OVER DISBURSEMENTS</b>	(630)	1,127	1,757
<b>CASH BALANCE AT BEGINNING OF PERIOD</b>	<u>10,872</u>	<u>10,872</u>	<u>NONE</u>
<b>CASH BALANCE AT END OF PERIOD</b>	<u>\$10,242</u>	<u>\$11,999</u>	<u>\$1,757</u>

The accompanying notes are an integral part of this statement.



JUNE 30, 1998		
BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$6,000	\$5,970	(\$30)
400	119	(281)
<u>6,400</u>	<u>6,089</u>	<u>(311)</u>
4,080	3,600	480
450	320	130
1,200	253	947
1,100	2,417	(1,317)
200	185	15
<u>7,030</u>	<u>6,775</u>	<u>255</u>
(630)	(686)	(56)
<u>11,558</u>	<u>11,558</u>	<u>NONE</u>
<u>\$10,928</u>	<u>\$10,872</u>	<u>(\$56)</u>

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Two Years Ended June 30, 1999

**INTRODUCTION**

The Louisiana State Board of Examiners for Sanitarians (board) is a state board and component unit of the State of Louisiana reporting entity. The board was created under the provisions of Louisiana Revised Statutes (R.S.) 37:2101-2116. The board, as provided by R.S. 36:259(E), is under the supervision and control of the Louisiana Department of Health and Hospitals.

The board is composed of seven members, four practicing sanitarians appointed by the governor who serve terms of four years and three ex-officio members. The board has no employees; however, services are provided by a part-time bookkeeper/secretary who is paid a monthly fee.

The board is charged with the responsibility of screening applicants, preparing and administering examinations, and issuing licenses in the field of environmental sanitation. Operations of the board are funded with examination and license fees. No federal programs are administered by the board.

As of June 30, 1999 and 1998, there were 421 and 437, respectively, licensed sanitarians in the state.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial statement reports the beginning and ending cash balance and all cash collected and disbursements made during the fiscal years.

**B. REPORTING ENTITY**

As the state governing authority, for reporting purposes, the State of Louisiana is the financial reporting entity for the board. Section 2100 of the Governmental Accounting Standards Board *Codification of Governmental Accounting and Financial Reporting Standards* established criteria for determining which component units should be considered part of the State of Louisiana for financial reporting purposes. The basic

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

criterion for including a potential component unit within the reporting entity is financial accountability.

The board is a component unit of the State of Louisiana because the state is financially *accountable for the board since the governor appoints the majority of the members of the board and can impose his will on the board.* The accompanying financial statements present information only on the fund maintained by the Louisiana State Board of Examiners for Sanitarians and do not present information on the state, the general government services provided by the state, or the other governmental units that comprise the financial reporting entity. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

**C. FUND ACCOUNTING**

The board uses a fund (General Fund) to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The fund of the board is classified as a governmental fund (General Fund), which accounts for the board's general activities.

**D. BASIS OF ACCOUNTING**

The board's accounting records are maintained on the cash basis of accounting. Revenue is recorded when the cash is collected or received and expenditures are recorded when the disbursement is made.

Licenses are the major source of revenue for the board. License fees are assessed on a calendar year basis and are normally collected in November and December preceding the license period. Interest is recorded when credited by the credit union on the monthly statement.

**E. BUDGET PRACTICES**

Annually, the board adopts a budget that is submitted to various agencies as prescribed by R.S. 39:1335. The budget is prepared on the cash basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended cash balance to fund expenditures of the succeeding year. *Formal budget integration is employed as a management control device during the year.* Budgeted amounts included in the accompanying financial statements represent the original adopted budget.

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**F. CASH**

Cash consists of the amount in an interest-bearing demand deposit account. Under state law, the board may deposit funds within 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 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 offices in 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.

**G. FIXED ASSETS AND GENERAL  
LONG-TERM OBLIGATIONS**

The board does not own any fixed assets and has no long-term obligations.

**H. VACATION, SICK LEAVE,  
AND PENSION PLAN**

The board has no employees; therefore, there is no vacation and sick leave policy or pension plan.

**2. CASH**

At June 30, 1999 and 1998, the board has cash (book balance) totaling \$11,999 and \$10,872, respectively, in an interest-bearing demand deposit account. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure this deposit (or the resulting bank balance). 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, 1999 and 1998, the board has \$12,000 and \$10,803 in deposits (collected bank balance), which is fully secured from risk by federal deposit insurance.

**3. YEAR 2000 ISSUE**

The board maintains all of its financial records on a manual system. The board does not use any computer systems that are dependent upon date-sensitive coding.

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA**

**Supplemental Information Schedule  
For the Two Years Ending June 30, 1999**

**PER DIEM PAID BOARD MEMBERS**

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Regular Session of the Louisiana Legislature. Board members are paid \$40 for each day they are engaged in the discharge of their duties, as authorized by Louisiana Revised Statute 37:2104. The amounts reflected on the accompanying schedule are presented on the cash basis of accounting.

LOUISIANA STATE BOARD OF  
 EXAMINERS FOR SANITARIANS  
 DEPARTMENT OF HEALTH AND HOSPITALS  
 STATE OF LOUISIANA

Schedule of Per Diem Paid Board Members  
 For the Two Years Ended June 30, 1999

	FISCAL YEAR ENDING JUNE 30, 1999		FISCAL YEAR ENDING JUNE 30, 1998	
	<u>NUMBER</u>	<u>AMOUNT</u>	<u>NUMBER</u>	<u>AMOUNT</u>
James Antoon	1	\$40		
William P. Goins	1	40	2	\$80
Ron King	2	80	2	80
Gary Lincecum	2	80	1	40
Charles Methvien	1	40		
James Ricks	1	40	2	80
Wiley Sylvester			1	40
		<u>          </u>		<u>          </u>
Total		<u>\$320</u>		<u>\$320</u>



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The report includes, where appropriate, any reportable conditions and/or material weaknesses in internal control and, where applicable, compliance matters that would be material to the presented financial statements.



OFFICE OF  
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December 6, 1999

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With Government Auditing Standards

**LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
New Orleans, Louisiana**

We have audited the financial statements of the Louisiana State Board of Examiners for Sanitarians, a component unit of the State of Louisiana, as of June 30, 1999 and 1998, and for the fiscal years then ended, and have issued our report thereon dated December 6, 1999. As described in note 1-A, the financial statements were prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana State Board of Examiners for Sanitarians' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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 instances of noncompliance 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 State Board of Examiners for Sanitarians' 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to

**EXHIBIT A**

LEGISLATIVE AUDITOR

LOUISIANA STATE BOARD OF  
EXAMINERS FOR SANITARIANS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

Compliance and Internal Control Report

December 6, 1999

Page 2

significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Louisiana State Board of Examiners for Sanitarians' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraph.

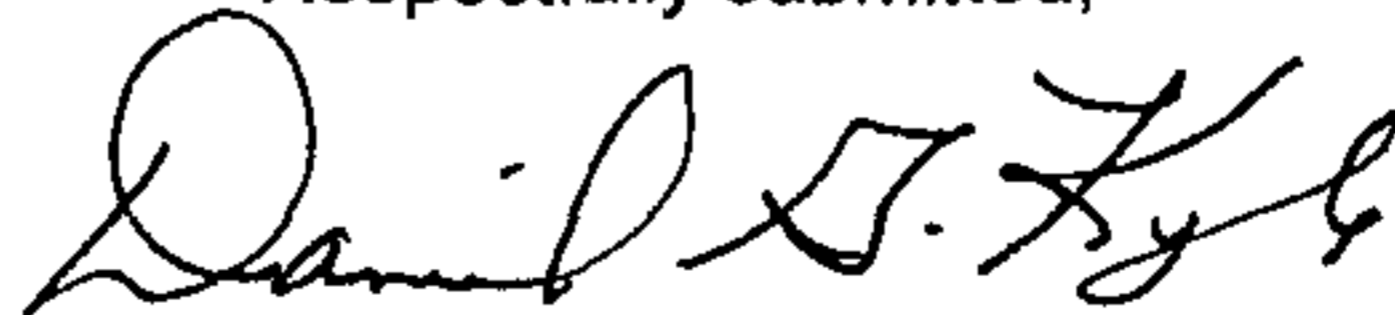
**Inadequate Segregation of Duties**

**The board does not have adequate segregation of duties.** The board's operations preclude an adequate segregation of duties and other features of an adequate system of internal control. Adequate segregation of duties includes assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets. The board does not have employees to employ such controls and to do so would not be cost beneficial.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of the Louisiana State Board of Examiners for Sanitarians and its management and is not intended to be, and should not be, used by anyone other than the board. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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EXHIBIT A