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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, 1947 AND 1948

AND

INDEPENDENT AUDITOR'S REPORT

DERBES & COMPANY

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: DEC 20 1948

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
BOARD OF EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 1998 AND 1999

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ACCOUNTS RECEIVABLE MANAGER

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, 1999 and for the years ended June 30, 1999 and 1998, 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 nonrespendable trust funds in conformity with generally accepted accounting principles.

In accordance with Governmental Auditing Standards, we have also issued a report dated August 17, 1999 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 Licensed Professional Counselors Board of Examiners of the State of Louisiana as of June 30, 1999, and the results of its operations for the years ended June 30, 1999 and 1998 in conformity with generally accepted accounting principles.



August 17, 1999

LOUISIANA LICENSED PROFESSIONAL COUNSELORS BOARD OF EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Total		Account Group		Total (Miscellaneous Debt)
	General Fund	Special Fund	General Fund Assets	Long-Term Obligations	
ASSETS AND OTHER CASHES					
Cash and cash equivalents	\$145,648	-	\$ -	\$ -	\$145,648
Accounts receivable	14,480	-	-	-	14,480
Prepaid expenses	1,120	-	-	-	1,120
Fixed assets	-	-	20,779	-	20,779
Amount to be provided for retirement of general long-term obligations	-	-	-	1,480	1,480
Total Assets	\$161,248		\$20,779	\$1,480	\$183,507
LIABILITIES AND FUND EQUITY					
Accounts payable and accrued expenses	\$ 2,182	-	\$ -	\$ -	\$ 2,182
Accrued annual leave	-	-	-	1,480	1,480
Total Liabilities	2,182		-	1,480	3,662
FUND EQUITY					
Investment in general fund assets	-	-	20,779	-	20,779
Fund balance - unreserved and undesignated	159,066	-	-	-	159,066
Total Fund Equity	159,066		20,779	-	179,845
Total Liabilities and Fund Equity	\$161,248		\$20,779	\$1,480	\$183,507

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, 1999 AND 1998

	<u>General Fund</u>	
	<u>1999</u>	<u>1998</u>
Revenues:		
Licenses, permits and fees	\$144,550	\$114,979
Use of money and property - interest earnings	1,810	763
Other revenue	<u>508</u>	<u>628</u>
Total Revenues	<u>146,868</u>	<u>116,370</u>
Expenditures:		
General government:		
Personal services and related benefits	44,244	47,344
Professional services	13,794	21,255
Operating services	31,290	28,393
Materials and supplies	1,771	1,457
Travel and other charges	7,859	5,832
Capital outlay	<u>2,829</u>	<u>0</u>
Total Expenditures	<u>101,687</u>	<u>102,591</u>
Excess of Revenues over Expenditures	45,081	13,617
Fund Balance - beginning of year	<u>113,583</u>	<u>100,568</u>
Fund Balance - end of year	<u>\$158,664</u>	<u>\$113,985</u>

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

FOR THE YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Adverseable)
	Budget	Actual	
RECEIPTS:			
Licenses, permits and fees	\$148,000	\$142,190	\$5,810
Interest earned	-	1,600	-
Other revenues	500	500	-
Total Receipts	<u>148,500</u>	<u>144,290</u>	<u>4,210</u>
DISBURSEMENTS:			
Personal services and benefits	44,200	44,135	65
Professional services	10,000	10,406	(406)
Operating services	10,216	10,407	(191)
Materials and supplies	1,719	1,719	-
Travel and other charges	11,900	6,678	5,222
Capital outlay	2,000	2,690	(690)
Total Disbursements	<u>102,035</u>	<u>104,135</u>	<u>(2,100)</u>
Excess (Deficiency) of Receipts Over Disbursements	46,465	40,155	6,310
Cash Balance - beginning of year	100,400	100,400	-
Cash Balance - end of year	<u>\$146,925</u>	<u>\$140,555</u>	<u>\$6,370</u>

The accompanying notes are an integral part of this statement.

LOUISIANA LICENSED PROFESSIONAL COUNCIL/BELIEFS BOARD OF EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 1998

	General Fund		Variances Favorable (Adverse)
	Budget	Actual	
RECEIPTS:			
Licenses, permits and fees (Federal share)	\$168,000	\$113,773	\$ 54,227
Other revenues	-	780	780
	<u>200</u>	<u>450</u>	<u>250</u>
Total Receipts	<u>168,000</u>	<u>113,698</u>	<u>54,302</u>
DISBURSEMENTS:			
Personal services and benefits	42,500	43,780	(1,280)
Professional services	35,000	19,874	15,126
Operating services	33,191	29,461	3,730
Materials and supplies	1,759	1,447	300
Travel and other charges	8,000	3,532	4,468
Capital outlay	-	-	-
	<u>120,450</u>	<u>108,094</u>	<u>12,356</u>
Total Disbursements	<u>120,450</u>	<u>108,094</u>	<u>12,356</u>
Excess (Deficiency) of Receipts Over Disbursements	(17,551)	16,594	34,145
Cash Balance - beginning of year	88,811	88,811	-
Cash Balance - end of year	<u>\$ 71,260</u>	<u>\$105,405</u>	<u>\$34,145</u>

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.) 37:3103-1115. 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 revenue, including applications and license fees, renewals, examination fees, registration of supervision fees, and re-issuance fees for lost or destroyed licenses. The Board has two full-time employees. At June 30, 1989, there were approximately 1,425 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 2100 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 Auditor.

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 those 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 Obligation 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)

1 - 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 supervision fees, re-licensure fees for lost or destroyed licenses, as well as other revenues, are reported when received. Revenues 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. 36:1331-1342. The budget for the fiscal year ended June 30, 1999 was adopted on December 12, 1997 and amended on December 18, 1998. The budget for the fiscal year ended June 30, 1998 was adopted on December 9, 1996 and amended on December 12, 1997. 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:

	<u>1999</u>	<u>1998</u>
Statement of revenues, expenditures and changes in fund balance - revenues	\$146,798	\$116,008
Add: Prior year receivables	12,000	12,000
Less: Current year receivables	<u>(14,000)</u>	<u>(12,000)</u>
Statement of receipts, disbursements and changes in cash balance-budget (cash basis) and actual - receipts	<u>\$144,798</u>	<u>\$117,008</u>

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>1999</u>	<u>1998</u>
Statement of revenues, expenditures and changes in fund balance - expenditures	\$101,677	\$102,991
Add: Prior year payables	3,420	2,218
Current year prepaid expenses	1,120	-
Less: Current year payables	(2,102)	(3,420)
Prior year prepaid expenses	<u>-0-</u>	<u>1825</u>
 Statement of receipts, disbursements and changes in cash balance-budget (cash basis) and actual - disbursements:	 <u>\$104,115</u>	 <u>\$109,414</u>

Substantial budget variances for the years ended June 30, 1999 and 1998 are explained as follows:

Title	Variance- Favorable (Unfavorable)	Comments
For the year ended June 30, 1999:		
Professional services	\$14,514	Professional services are budgeted at contracted amounts based upon expected litigation. During fiscal year ended June 30, 1999, professional expenses did not reach contracted amounts.
Travel and other charges	2,822	One of the current Board members does not charge for travel reimbursement as provided for in the budget.

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, 1998:		
Licenses, permits and fees	\$7,125	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	16,806	Professional services are budgeted at contracted amounts based upon expected litigation. During fiscal year ended June 30, 1998, professional expenses did not reach contracted amounts and budgeted promulgation fees were not incurred.
Operating services	3,738	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, 1998.
Travel and other charges	2,668	One of the current Board members does not charge for travel reimbursement as provided for in the budget.
Capital outlay	4,306	The budget had provided for the purchase of additional filing cabinets which were not obtained until after June 30, 1998.

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**

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.

At June 30, 1999, the carrying amount of the Board's deposits was \$145,648 and the bank balance was \$150,988. Of the bank balance, \$100,000 was covered by federal depositary insurance and \$50,988 was covered by collateral held by the Atlanta branch of the Federal Reserve Bank in the Board's name.

As reflected on the balance sheet, at June 30, 1999, the Board had cash and cash equivalents totaling \$145,648 as follows:

Noninterest-bearing demand deposits	\$ 94,785
Certificate of deposit maturing 07/17/99	
bearing interest at 3.01%	<u>50,863</u>
	<u>\$145,648</u>

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 safekeeping receipts held by the state treasurer. The deposits at June 30, 1999 were secured as follows:

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)

	<u>Cash</u>	<u>Certificate of Deposit</u>	<u>Total</u>
Carrying Amount on Balance Sheet	<u>\$ 24,785</u>	<u>\$20,803</u>	<u>\$145,648</u>
Bank Balances			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$100,000	\$ -0-	\$100,000
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	<u>188</u>	<u>50,800</u>	<u>50,988</u>
TOTAL Bank Balances	<u>\$100,188</u>	<u>\$50,800</u>	<u>\$150,988</u>

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, 1998, employees of the Board had accumulated and vested \$1,480 of employee leave benefits, which was computed in accordance with GASB Codification Section C66. Of this amount, \$- is recorded as an obligation of the General Fund and \$1,480 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 position 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 Statement of Revenues, Expenditures and Changes in Fund Balance or the Statements of Receipts, Disbursements and Changes in 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, 1997	\$18,821
Additions	-0-
Dispositions	<u>-0-</u>
Balance, June 30, 1998	18,821
Additions	2,699
Dispositions	<u>(1,741)</u>
Balance, June 30, 1999	<u>\$19,779</u>

In accordance with LSA R.S. 39:321-332, 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 employee contribution withheld at 7.5% of covered payroll for the fiscal years ended June 30, 1999 and 1998, the Board contributed an additional 12.4% and 13.0% of covered payroll for the years ended June 30, 1999 and 1998, respectively. Contributions to the System were funded through employee contributions of \$2,808 and \$2,356 for the years ended June 30, 1999 and 1998, respectively, and employer contributions of \$4,694 and \$4,424 for the years ended June 30, 1999 and 1998, respectively. The Board contributed \$4,694, \$4,426 and \$1,968 to the System for the years ended June 30, 1999, 1998 and 1997, respectively, which represented 100% of the required contribution for each year. The total payroll of the Board was \$38,948 and \$37,793 for the years ended June 30, 1999 and 1998, respectively, and the total payroll covered by the System was \$37,856 and \$34,125 for the years ended June 30, 1999 and 1998, 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 \$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 progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1999 comparative 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 8633 Bureau Avenue, Suite A, Baton Rouge, Louisiana on a five-year operating lease which expires May 31, 2001. The lease requires monthly rental payments of \$975. 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, 1999 and 1998 was \$11,700 and \$11,700, respectively.

LOUISIANA LICENSED PROFESSIONAL COUNSELORS
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:

<u>June 30,</u>	
2080	\$11,780
2081	10,725
	<u>\$22,425</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, 1998:

Accumulated annual lease at July 1, 1997	\$ 1,474
Additions	2,149
Reductions	(2,147)
Accumulated annual lease at June 30, 1998	1,476
Additions	2,080
Reductions	(2,078)
Accumulated annual lease at June 30, 1999	<u>\$ 1,478</u>

10 - LITIGATION AND CLAIMS

At June 30, 1998, 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 coverages self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1999 and 1998, legal fees of \$18,230 and \$14,441, respectively, were incurred and recorded as expenditures in the general fund.

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

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

11 - FEE INCREASES

Pursuant to the passage of House Bill 1948 during the fiscal year ended June 30, 1997, biennial renewal fees were increased from \$180 to \$150, registration of supervision fees were increased from \$75 to \$100, a late fee of \$50 was enacted, and the Board was authorized to assess fines and costs connected with disciplinary actions, effective February 10, 1998.

5007 PROCLAMATION DRIVE
FIRST FLOOR SUITE 2070
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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana Licensed Professional Counselors Board of Examiners. The supplementary information on pages 21-23 included in the Summary Schedule of Findings and the Summary Schedule of Prior Audit Findings 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. The year 2000 supplementary information on page 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Board is or will become year 2000 compliant, that the Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Board does business are or will become year 2000 compliant.



August 17, 1999

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

SUMMARY SCHEDULE OF FINDINGS

YEARS ENDED JUNE 30, 1999 AND 1998

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, 1999 and for the years ended June 30, 1998 and 1998, and have issued our report thereon, dated August 17, 1999. 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. Our audit of the financial statements as of June 30, 1999 resulted in an unqualified opinion. No management letter was issued in connection with our engagement.

Section I - Summary of Auditor's Reports

The audit disclosed the following instance of noncompliance which is material to the financial statements.

Finding 1

As noted in footnote 1 of the audited financial statements, \$50,988 of the Board's cash and cash equivalents were uncollateralized at June 30, 1999. L.A.R.S. 39:1223 states that "the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit in the credit of each-depositing authority (except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States)."

Recommendation

We recommend that the Board obtain and maintain collateral to secure bank deposits at all times.

Management Response

During the month of July, 1999, the Board became aware that its bank deposits were undercollateralized and obtained sufficient collateral to secure its bank deposits at that time.

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

SUMMARY SCHEDULE OF FINDINGS

YEARS ENDED JUNE 30, 1999 AND 1998
(CONTINUED)

The following reportable condition in internal control was disclosed by the audit of the financial statements:

Finding 2

The size and the 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, and will continue to contract with an outside accountant who oversees accounting functions on a monthly basis.

Section II - Financial Statement Findings

There are no findings to report.

Section III - Federal Award Findings and Questioned Costs

There are no federal awards and, therefore, no findings and questioned costs to report.

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEARS ENDED JUNE 30, 1999 AND 1998

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

There were no compliance findings to report. The following reportable condition in internal control was disclosed by the audit of the financial statements as of June 30, 1997 and for the years ended June 30, 1997 and 1998:

The size and the 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, and will continue to contract with an outside accountant who oversees accounting functions on a monthly basis.

Section II - Internal Control and Compliance Material to Federal Awards

There were no federal awards and, therefore, no findings to report.

Section III - Management Letter

There was no management letter and, therefore, no findings to report.

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

YEAR 2000 SUPPLEMENTARY INFORMATION

JUNE 30, 1999

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Board's operations.

The Board is currently purchasing new computer equipment to address Year 2000 issues for its computer systems and other electronic equipment critical to conducting business. As of June 30, 1999, a significant amount of resources has been committed to address Year 2000 issues for computer systems and other electronic equipment; however, the Board committed up to \$10,000 for the purchase of new computer equipment at the August 20, 1999 Board meeting.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Board is or will be year 2000 ready, that the Board's remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.

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**INDEPENDENT AUDITORS' 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 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, 1999 and for the years ended June 30, 1998 and 1998, and have issued our report thereon, dated August 17, 1999. 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**.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Louisiana Licensed Professional Counselors Board of Examiners are free of material misstatements, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one material instance of non-compliance that is required to be reported under **Government Auditing Standards** which is described in the Summary Schedule of Findings on pages 21-22 as Finding 1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Licensed Professional Counselors Board of Examiners' 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 certain matters 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 significant deficiencies in the design or operation of the internal control over financial reporting 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. A reportable condition is described in the Summary Schedule of Findings on pages 21-23 as Finding 2.

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 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 believe the reportable condition described in the Summary Schedule of Findings on page 21 is not a material weakness.

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.

Debra Thompson

August 17, 1999