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LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

60-A-317-00-107-98
60-A-317-00-107-98
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60-A-317-00-107-98

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: JUL 08 1998

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MCFRIGHT & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
11817 BRICKSTONE AVE, SUITE B
BATON ROUGE, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana State Board of Medical Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 1997, as listed in the table of contents. Those general purpose financial statements are the responsibility of the Louisiana State Board of Medical Examiners management. 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 Auditing 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Medical Examiners as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 10, 1998 on our consideration of Louisiana State Board of Medical Examiners internal control structure and its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Louisiana State Board of Medical Examiners. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

McKnight & Associates

McKnight & Associates

June 10, 1988

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 COMBINED BALANCE SHEET - ALL FUNDS TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1997
 (With Comparative Totals for December 31, 1996)

	Governmental Fund Types	
	General Fund	Special Revenues
ASSETS AND OTHER DEBITS		
ASSETS		
Cash	\$ 744,342	\$ 130,761
Investments	3,350,880	353,804
Accrued Interest	43,579	8,158
NSF Checks and Foreign Items	810	226
Property, plant & Equipment, at cost		
Due From Special Revenues Fund	20,385	
Other Assets	63,570	
OTHER DEBITS		
Amount to be provided for compensated absences		
Total assets and other debits	4,260,487	493,109
LIABILITIES, FUND BALANCE AND OTHER CREDITS		
LIABILITIES		
Accounts payable	\$ 114,319	\$ 4,320
Due to general fund		11,894
Payroll taxes payable	1,794	
wages payable	0	
Deferred revenue	1,804,376	118,300
Compensated absences	10,845	1,217
Total Liabilities	1,930,264	127,531
FUND BALANCE & OTHER CREDITS		
Investment in general fixed assets		
Fund Balance:		
Unreserved & undesignated	2,301,331	365,303
Total liabilities, fund balance & other credits	4,260,487	493,109
See Notes to Financial Statements		

Account Groups			Totals (Memorandum Only)	
General Fund Fixed Assets	General Revenue Fixed Assets	General Long-Term Debt	1992	1991
\$	\$	\$	\$ 895,023	\$ 742,834
			1,783,926	2,279,874
			21,727	26,887
			1,135	4,884
2,106,823	17,919		2,123,941	2,228,558
			26,885	7,990
			63,571	31,135
		27,919	27,919	26,819
-----	-----	-----	-----	-----
2,106,823	17,919	27,919	2,205,049	2,444,986
-----	-----	-----	-----	-----
			118,439	114,188
			11,884	7,995
			1,798	4,831
			0	20,825
			1,024,476	1,344,179
		27,919	47,394	17,919
-----	-----	-----	-----	-----
		27,919	2,113,989	1,369,041
-----	-----	-----	-----	-----
2,106,823	17,919		2,123,941	2,228,558
			2,667,109	1,807,887
-----	-----	-----	-----	-----
2,106,823	17,919	27,919	4,981,049	5,444,986
-----	-----	-----	-----	-----

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 DECEMBER 31, 1957
 (With Comparative Totals for December 31, 1956)

	GENERAL	Special Funds
Revenues:		
Licenses and permits	\$2,458,324	\$ 267,689
Miscellaneous -		
Interest earned	157,924	17,658
Other	170,780	3,052
	-----	-----
Total revenues	2,887,028	288,409
	-----	-----
Expenditures:		
Public safety -		
Personnel services	788,888	17,227
Operating services	1,340,103	52,195
Materials and supplies	56,861	2,759
Travel and meetings	34,923	1,561
Capital outlay	86,837	12,640
	-----	-----
Total expenditures	2,313,612	106,382
	-----	-----
Excess of revenues over General expenditures	573,416	91,753
Fund Balance - beginning	2,633,871	174,216
	-----	-----
Fund Balance, ending	3,207,287	265,969
	-----	-----

See Notes to Financial Statements

(Monocladium Only)

1987	1986
\$2,916,839	\$2,954,088
174,882	118,783
173,783	272,708
3,264,783	3,344,573
871,153	762,676
1,433,297	1,377,184
58,708	52,821
35,783	52,554
106,577	63,810
2,469,578	2,328,873
759,313	1,015,566
1,807,867	892,381
2,887,180	1,807,887

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL - ALL
GOVERNMENTAL FUND TYPE
DECEMBER 31, 1987
(With Comparative Totals for December 31, 1986)

	General Fund		
			Variance
	Budget	Actual	Favorable Unfavorable
			(Unfavorable)
Revenues:			
Licenses and permits	\$2,740,800	\$2,858,324	15
Miscellaneous -			
Interest earned	110,800	157,924	47,924
Other	90,800	170,738	80,738
Total revenues	3,942,400	3,986,978	44,578
Expenditures:			
Public Safety -			
Personnel services	748,384	783,858	(48,802)
Operating services	1,381,448	1,348,102	33,348
Materials and supplies	80,800	88,021	(8,021)
Travel and meetings	105,800	34,522	78,478
Capital outlay	150,800	95,037	55,963
Total expenditures	2,411,432	2,319,518	91,914
Excess of revenues over			
 (burden) expenditures	528,368	667,460	139,159
Fund balance - beginning	1,433,871	1,433,871	-0-
Fund balance, ending	2,162,178	2,385,328	139,159

See Notes to Financial Statements

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
FUND BALANCES - BUDGET AND ACTUAL - ALL
GOVERNMENTAL FUND TYPES
DECEMBER 31, 1997
(With Comparative Totals for December 31, 1996)

	Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 257,545	\$ 257,695	\$ 150
Miscellaneous -			
Interest earned	17,110	17,088	(22)
Other	3,052	3,052	00
Total revenues	277,707	277,835	128
Expenditures:			
Public Safety -			
Personnel services	78,063	77,397	666
Operating services	88,888	88,188	700
Materials and supplies	3,872	3,788	84
Travel and meetings	888	1,261	(373)
Capital outlay	13,219	11,240	1,979
Total expenditures	184,930	186,074	1,144
Excess of revenues over (under) expenditures	84,018	87,753	3,735
Fund Balance - Beginning	274,016	274,016	-
Fund Balance, ending	358,034	361,769	3,735

See Notes to Financial Statements

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana State Board of Medical 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 Statute 17:1281-1283. The Board is composed of seven members, appointed by the Governor. The members serve terms of six years. The Board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapy Technicians, Midwives, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Technicians. Operations of the Board are funded entirely through self-generated revenues.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles on 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 State Board of Medical Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB codification Section 2180 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING DECEMBER 31, 1987

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

GOVERNMENTAL FUNDS:

General Fund:

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

Special Revenue Fund

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

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 costs.

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 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:

Revenues are recognized when they become measurable. All revenues are susceptible to accrual. Renewal notices for 1997 were mailed on November 1996, were payable by December 31, 1996, and became delinquent on January 1, 1997. Renewal fees for 1996 received in 1997 are deferred and will be recognized as revenue in 1998.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1987

Expenditures:

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liabilities are incurred and the goods or services have been received.

D. BUDGET PRACTICES

Budgets are prepared and adopted by the Board annually. The budget for the fiscal year ending December 31, 1987 was adopted at the Board meeting of December 5, 1986. The Board adopts a budget annually for the General and Special Revenue Funds. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331 et al.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenues. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, as the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget is prepared on the GNP basis, using the modified accrual basis of accounting.

The Board monitors the budget and makes changes when deemed appropriate.

The Board has complied with the budgetary requirements of LSA-BS 39:43.

E. ENCUMBRANCES

The Louisiana State Board of Medical Examiners does not follow the encumbrance method of accounting.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit with maturities less than three months.

The Louisiana State Board of Medical Examiners had cash and cash equivalents totaling \$695,023 at December 31, 1997. 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 December 31, 1997 were accrued as follows:

	December 31, 1997	
	Carrying Amount	Bank Balance
Deposits:		
Insured (FDIC, BLM or FSLIC)	\$ 300,000	\$ 300,000
Uninsured: Collateral held by the pledging bank's trust department or the pledging bank's agent in the Board's name	395,023	395,023
Total Deposits	\$ 695,023	\$ 695,023

The carrying amount is included on the balance sheet under the following captions:

Cash	\$ 695,023
------	------------

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

G. INVESTMENTS

Investments totaling \$5,705,516 consists of Certificates of Deposits with maturities of three months or more. These Certificates of Deposits are secured by the pledge of securities as described in Note F.

H. INVENTORIES

Inventories are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

I. ACCUMULATED ABSENCES

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulate unlimited amounts of annual and sick leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 360 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 360 hours and unused sick leave is credited as earned service in computing retirement benefits. The current portion is recorded as a liability in the General Fund and represents the amount unpaid at December 31, 1997, which would normally be liquidated with expendable available financial resources.

Accumulated annual leave at December 31, 1997 \$ 21,312

J. PENSION PLAN

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, 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.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employees **LOUISIANA**

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1987

Retirement System at P.O. Box 44233, Baton Rouge, Louisiana 70808 or by calling (504) 322-0698.

All full-time board employees, who began state employment prior to age 55, 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 2.5 per cent of their highest consecutive 36 months average salary multiplied by their years of credited service plus \$200 for employees hired before July 22, 1988. Vested age 55 with 25 years of service, or (a) age 55 with 15 years of service. The system also provides death and disability benefits.

Covered employees were required to contribute 7.5% of gross salary to the plan. The Board added an 12% contribution for the year.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods.

K. TOTAL COLUMN ON STATEMENTS

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

L. CHANGES IN GENERAL FIRED ASSETS

GENERAL FUND				
Fiscal Year Ending June 30,	Ending Balance 1996	Additions	Deletions	Ending Balance 1997
Land & Building	2992,679			2992,679
building improv	586,389			586,389
Equipment:				
Office Furn & Equip	492,390	20,827	209,512	303,695
Computers	159,259			159,259
Vehicles	-			-
Total	2,212,617	20,827	209,512	2,123,932

SPECIAL RESERVE FUND				
Fiscal Year Ending June 30,	Ending Balance 1996	Additions	Deletions	Ending Balance 1997
Equipment:				
Office Furn & Equip	9,541	11,540	2,162	17,919
Total	9,541	11,540	2,162	17,919

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

N. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana State Board of Medical Examiners provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly (50%) 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 year ended December 31, 1997, the Louisiana State Board of Medical Examiners provided retirement benefits for 2 retired employees and the costs of these retiree benefits totaled \$788.

N. OPERATING LEASES

The Board inherited a tenant under an existing lease when it purchased its building. The Board leases office space to the Italian Consulate at the rate of \$42,000 per year. The existing lease was effective June 31, 1998 and was amended October 1, 1993. It extends through May 31, 1997. In May 1997 the tenant moved out and the Board has occupied the space that was formerly rented.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

G. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>Compared to</u> <u>Balance</u>
Long-term Obligations	
Payable 12/31/96	\$24,818
Additions	2,883
Deductions	<u> </u>
Long-term Obligations	
Payable 12/31/97	<u>\$27,701</u>

F. LITIGATION AND CLAIMS

There were no unasserted claims or assessments as of December 31, 1997.

G. RELATED PARTY TRANSACTIONS

There were no related parties transactions.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDING DECEMBER 31, 1957

SCHEDULE OF PER DIEM PAID BOARD MEMBERS

<u>NAME</u>	<u>Number of Meetings Attended</u>	<u>Amount</u>
Dr. Richard M. Munnally	18	\$ 800
Dr. Ike Maslow	14	700
Dr. Elmo J. Labadie	10	1,000
Dr. P. P. Boudelon, Jr.	10	650
Dr. Keith C. Ferdinand	10	750
Dr. Mary Lou Applewhite	18	900
Dr. Trenton James	25	1,200
	<u>105</u>	<u>8,000</u>
TOTAL	105	8,000

The schedule of diem paid board members is presented in compliance with House Concurrent Resolution No. 88 of the 1957 Session of the Louisiana Legislature. Board members are paid \$40 for each day they attend a board meeting, as authorized by Louisiana Revised Statute.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

GENERAL FUND

The general fund is used to account for resources, traditionally associated with governments, which are not required to be accounted for in another fund.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
BALANCE SHEET - GENERAL FUND
DECEMBER 31, 1987 AND 1986

	1987	1986
ASSETS		
Cash	\$ 744,242	\$ 566,909
Investments	3,358,008	2,320,874
Accrued interest	43,579	35,311
HSP Checks and Foreign Items	910	1,784
Property, plant & Equipment, at cost		
Due from Special Revenue Fund	20,188	7,898
Other Assets	61,570	31,135
	4,260,697	2,963,108
Total assets	*****	*****
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 114,319	\$ 105,940
Due to general fund		
Payroll taxes payable	1,766	4,853
Wages payable	0	20,828
Deferred revenue	1,824,376	1,160,430
Compensated absences	10,865	17,983
	1,950,356	1,249,237
Total liabilities		
FUND BALANCE		
Fund Balance:		
Unreserved & Undesignated	2,301,311	1,833,831
Total liabilities, fund balance & other credits	4,160,697	2,963,108
	*****	*****

See Notes to Financial Statements

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND BALANCES
 - BUDGET AND ACTUAL - GENERAL FUND
 YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$2,748,000	\$2,488,324	16 (259,676)
Miscellaneous -			
Interest earned	119,000	157,924	48,924
Other	90,000	170,330	80,330
-----	-----	-----	-----
Total revenues	2,940,000	2,816,578	48,422
-----	-----	-----	-----
Expenditures:			
Public safety -			
Personal services	345,284	793,858	148,574
Operating services	1,361,400	2,348,102	21,342
Materials and supplies	86,000	56,601	(29,399)
Travel and meetings	125,000	34,522	90,478
Capital outlay	189,000	95,837	93,163
-----	-----	-----	-----
Total expenditures	2,411,684	2,319,918	91,766
-----	-----	-----	-----
Excess of revenues over (under) expenditures	528,316	497,460	130,856
Fund Balance - beginning	2,839,871	1,833,871	-0-
-----	-----	-----	-----
Fund Balance, ending	2,162,172	2,331,331	169,159
-----	-----	-----	-----

See Notes to Financial Statements

1996

	Budget	Actual	Variance Favorable Unfavorable
Revenues:			
Licenses and permits	\$2,558,000	\$2,690,197	\$ 140,197
Miscellaneous -			
Interest earned	138,000	114,371	(23,629)
Other	100,000	288,888	188,888
Total revenues	2,788,000	3,073,856	285,856
Expenditures:			
Public safety -			
Personal services	738,388	762,881	24,493
Operating services	1,388,877	1,390,388	(24,489)
Materials and supplies	48,000	81,180	33,180
Travel and meetings	88,000	80,333	(7,667)
Capital outlay	72,000	78,397	(6,603)
Total expenditures	2,178,265	2,169,389	8,876
Excess of revenues over (under) expenditures	609,734	904,467	294,733
Fund Balance - beginning	888,000	730,844	(157,156)
Fund Balance, ending	1,497,734	1,635,311	137,577

See Notes to Financial Statements

SPECIAL REVENUE FUND

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

The Clinical Laboratory Personnel Fund was authorized by the Louisiana legislature in 1993 (L.S. 36:258D) and (L.S. R.S. 37:1276(A)(8)) and Part II of Chapter 15 of title 37 of the L.A. S.S. of 1988, to be comprised of R.S. 37:1211 - 1228 inclusive.

This fund is to account for the receipts and subsequent expenditure of the fees assessed to individuals engaged in the practice of clinical laboratory sciences in the State of Louisiana.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
CLINICAL LABORATORY SPECIAL REVENUE FUND
BALANCE SHEET
DECEMBER 31, 1997 AND 1996

	1997	1996
ASSETS		
Cash	\$ 139,781	\$ 155,925
Investments	353,936	160,860
Accrued interest	8,158	478
SWF checks and foreign items	229	3,800
	493,104	320,263
	-----	-----
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 4,120	\$ 8,240
Due to general fund	11,824	7,985
Deferred revenue	130,180	16,950
Compensated absences	1,217	
	147,341	33,175
FUND BALANCE		
Fund Balance:		
Unreserved & Undesignated	165,763	274,016
Total liabilities, fund balance & other credits	493,104	320,263
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See Notes to Financial Statements

LOUISIANA STATE BOARD OF MEDICAL SCIENTISTS
 DEPARTMENT OF HEALTH AND HOSPITALS
 CLINICAL LABORATORY SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES FUND BALANCES
 -BUDGET AND ACTUAL
 YEARS ENDED DECEMBER 31, 1997 AND 1996

	1997		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Licenses and permits	\$ 257,545	\$ 257,435	\$ 110
Miscellaneous -			
Interest earned	17,110	17,858	(748)
Other	3,000	3,913	813
Total revenues	277,655	279,206	1,551
Expenditures:			
Public Safety -			
Personal services	78,082	77,897	185
Operating services	84,985	93,199	(8,214)
Materials and supplies	2,572	2,759	(187)
Travel and meetings	800	1,382	(582)
Capital outlay	18,319	11,840	6,479
Total expenditures	194,768	186,977	7,791
Excess of revenues over (under) expenditures	82,887	92,229	9,342
Fund Balance - Beginning	274,016	274,816	-0-
Fund Balance, ending	356,904	367,045	10,141

See Notes to Financial Statements

1986

	Budget	Actual	Variance Favorable Unfavorable
Revenues:			
Licenses and permits	\$ 264,983	\$ 263,660	\$ 11,323
Miscellaneous -			
Interest earned	3,204	4,412	(1,208)
Other	833	3,338	2,505
Total revenues	269,020	271,410	2,390
Expenditures:			
Public Safety -			
Personnel services	94,943	99,999	15,056
Operating services	88,704	88,825	1,121
Materials and supplies	3,264	1,461	1,803
Travel and meetings	4,342	2,342	2,000
Capital outlay	12,524	8,541	3,983
Total expenditures	203,800	201,178	2,622
Excess of revenues over (under) expenditures	109,503	112,179	2,676
Fund balance - beginning	161,837	161,837	
Fund Balance, ending	271,340	274,016	2,676

See Notes to Financial Statements

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Certified Public Accountant

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

We have audited the general purpose financial statements of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 1987, and have issued our report thereon dated June 18, 1988. 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 Medical Examiners's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under Government Auditing Standards, which are described in the accompanying schedule of findings and questioned costs as items #1-1 and #1-2.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Medical Examiners's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all weaknesses in the internal control over financial reporting that might be a material weakness. 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 general purpose 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 the Governor and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.

W. F. H. H. H. H.

June 30, 1998

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

FINDING 1997-1

CRITERIA - The Agency is required to follow the State General Travel Regulations, policies and procedures memorandum 49.

CONDITION -

Board members are in violation of policies and procedures memorandum 49, the State general travel regulation, issued by the Commissioner of Administration. These regulations apply to all state departments, boards and commissions created by the legislature or executive order and operating from funds appropriated, dedicated, or self-sustaining; federal funds; or funds generated from any other source. The following violations were noted:

- A. On numerous occasions members of the board have been reimbursed for meals in excess of the \$30 allowed per day.
- B. A board member was reimbursed for alcoholic beverages included in his meal ticket. This appears to be an oversight since alcoholic beverages were removed from reimbursement from other expense reports.
- C. Witnesses for board actions were housed in a hotel that charged a rate in excess of the amount allowed in state travel regulations. The board's attorney's made all arrangements and were reimbursed for these expenses.
- D. Witnesses were allowed to charge meals to hotel rooms that exceed the amount allowed by state travel regulations. The board's attorney's made all arrangements and were reimbursed for these expenses.
- E. Witnesses were allowed to charge movies to the hotel room. The board's attorney's made all arrangements and were reimbursed for these expenses.

- F. The board reimbursed an employee of the LSU Medical Center for transportation charges related to her duties as an employee of the LSU Medical Center. The contract with the LSU Medical center indicates that program personnel expenses will be paid by the LSU Medical Center.
- G. The board reimburses employees who are investigators for mileage associated with commuting from home to the board's office. The state travel regulation specify that employees will not receive mileage from their home to the board's office.

EFFECT - Because the Agency did not follow the state general regulations, state funds were used for unauthorized reimbursements.

CAUSE - Members of the board and employees of the Agency were not aware that some of the items were violations, and in other cases it appears that the violations were human error.

RECOMMENDATION -

The board should establish procedures for reviewing expense reports to ensure that reimbursements are in accordance with state travel regulations.

- A. Board members should be reminded that their costs of meals cannot exceed \$16 per day for any full days served on the board.
- B. Board members should submit any alcoholic beverages from the request for reimbursed expenses prior to submitting their expense reports. It is not always easy for an employee to identify alcoholic beverages on receipts submitted.
- C. The board should adopt policies and procedures for reimbursement of expenses related to the housing of witnesses. These policies and procedures should be in accordance with state travel regulations unless submitted and approved by the division of Administration. All items that are expenses of the board should be paid by the board not an outside source that is reimbursed.

- D. See item C above.
- E. See item C above.
- F. The board should not reimburse contract employees directly, and should only reimburse the LSP Medical Center for costs specified in the contract.
- G. The board should make sure no employees are reimbursed for mileage for commuting from home to office since this is a violation of state travel regulations.

FINDING 1987 - 2

CRITERIA - The Agency is required to follow IRS Regulations in regard to employee classification and withholding taxes.

CONDITION -

The board is in violation of Internal Revenue Service regulations that require that taxes be withheld from employee wages and classification as non-employees.

- A. Clinical Lab paid part-time workers without withholding payroll taxes.
- B. An employee received payment as a contract worker while on vacation from the Medical Board.

EFFECT - Because the Agency did not follow IRS regulations in regard to employee classification, the agency could be required to pay the tax that should have been withheld plus any penalty and interest.

CAUSE - Management was not aware that temporary employees could not be treated as contract labor under IRS regulations.

RECOMMENDATIONS: The board should establish policies and procedures to make sure they are in compliance with Internal Revenue Service regulations.

- A. All employees should go through the payroll system and have payroll taxes withheld.
- B. All monies that are not reimbursements of expenses should be paid through the payroll system. In addition, the board should request a ruling from the Ethics Board regarding using employees in this manner.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDING DECEMBER 31, 1997

SECTION 2 - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

1997-1A TO 1E. The Agency is in violation of policies and procedures memorandum #P, the State General Travel Regulations.

RESPONSE - The following is the Agency's response to the individual items of finding 1997-3.

1A - We will reeducate the board members on the travel allowances. It should be noted that because of arrival-departure times and meetings times, it is usually more convenient for them to dine in the hotel. Holding the meal allowance to \$16 per day is most difficult when breakfast alone in most hotels today runs from \$18 to \$19. We will appeal to the Commissioner of Administration for an exception to allow actual, but reasonable meal allowances. This seldom involves more than five of our seven members.

1B - I would certainly characterize reimbursement for alcoholic beverages as an oversight. Again, we will remind the Board members to deduct any alcoholic beverages from their receipts prior to filing for reimbursement.

1C-E - We were aware of the excessive expenses of witnesses for which legal counsel was reimbursed. After this incident, the Board established a policy that legal counsel must refer witnesses to the Board office to make housing arrangements. Witnesses are put in the same hotel as our Board members as it is the most convenient with regard to our location and our standing with the hotel allows us to get reservations when we might otherwise be unable to find accommodations that are conveniently located within a reasonable distance from the Board office and at a rate that is not inflated due to seasonal or special events. Witnesses are advised in advance of the meal allowances and that we will not reimburse them for video rentals, etc.

1F - Despite what the contract with LSU may indicate, LSU Medical Center does not reimburse the employees assigned to our contract for transportation expenses related to duties

when in the Board office. LOU is not within easy walking distance and parking in our area is very difficult and expensive. We will, however abide by your advice and make other arrangements.

10 - When the Board created the Confidential Administrative Assistant position (Chief Investigator) in 1972 and the Special Investigator in 1988, it was with the understanding each must own and use their own automobile, and have it available for use at all times. Both have been paid mileage to and from their homes in addition to any other travel required during the day or extended travel to perform their duties since employed. Both must pay their own maintenance costs and insurance costs which are increased due to their use of their automobiles as part of their employment duties. If this is not permitted under the travel regulations, we will have to apply for an exception or an allowance for them.

1000 -2 - The Agency is in violation of IRS regulations regarding contract labor.

RESPONSE - Clinical Laboratory will be instructed to either pay the part-time workers, if needed again at renewal time, through payroll or to send the job to a mail forwarding company.

The file clerk that was paid as a contract worker while on svenetics was a one-time emergency situation that arose at the time of a major administrative proceeding. Both of our investigators were busy rounding up other witnesses and could not make the trip to a rural Mississippi location to pick up the key witnesses (who had no other way to get here). Witnesses in this case were being intimidated by the respondent and required personal escorts. We do not expect this situation will arise again. If so, we will be certain to be in compliance by paying an outside contractor (not \$35 per hour plus expenses) to handle the matter.

SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL SPENDING

The Board does not receive any federal funds.

SECTION III - MANAGEMENT LETTER

A management letter was not issued with this engagement.

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1987

The Board has corrected the audit findings reported in the December 31, 1986 audit.