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FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

JUNE 30, 1998

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 SEP 30 1998

LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS

STATE OF LOUISIANA

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report . . . . .	1
Balance Sheet . . . . .	2
Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual . . . . .	3
Notes to Financial Statements . . . . .	4
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u> . . . . .	8
Schedule of Per Diem Paid to Board Members . . . . .	10
Summary of Prior Year Audit Findings . . . . .	11

**Zahn, Kenney & Bresette**

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Louisiana Board of Chiropractic Examiners  
Department of Health and Hospitals  
State of Louisiana

We have audited the accompanying financial statements of the Louisiana Board of Chiropractic Examiners (Board), a component unit of the Department of Health and Hospitals, State of Louisiana, as of and for the year ended June 30, 1998, as listed in the table of contents. These financial statements are the responsibility of the management of the Board. 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board, as of June 30, 1998, 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 our report dated August 3, 1998, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of per diem paid board members is presented for purposes of additional analysis and is not a required part of the financial statements of the Board. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

*Zahn Kenney & Bresette*  
Metairie, Louisiana  
August 20, 1998

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## LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

## BALANCE SHEET

JUNE 30, 1998

	GOVERNMENTAL	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	FUND TYPE	General	General	
	General Fund	Fixed Assets	Long-Term Obligations	
<u>ASSETS AND OTHER DEBITS</u>				
Cash and cash equivalents	\$88,240	\$	\$	\$88,240
Fixed assets		34,216		34,216
Amount to be provided for retirement of general long term obligation	_____	_____	13,455	13,455
Total assets and other debits	<u>\$88,240</u>	<u>\$34,216</u>	<u>\$13,455</u>	<u>\$135,911</u>
<u>LIABILITIES AND FUND EQUITY</u>				
<u>Liabilities</u>				
Accounts payable and accrued expenses	\$ 5,958	\$	\$	\$ 5,958
Long term obligation payable	_____	_____	13,455	13,455
Total liabilities	5,958		13,455	19,413
<u>Fund Equity</u>				
Investment in general fixed assets		34,216		34,216
Fund Balance, unreserved and undesignated	82,282	_____	_____	82,282
Total fund equity	<u>82,282</u>	<u>34,216</u>	_____	<u>116,498</u>
Total liabilities and fund equity	<u>\$88,240</u>	<u>\$34,216</u>	<u>\$13,455</u>	<u>\$135,911</u>

The notes are an integral part of these financial statements

## LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANASTATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 1998

## GENERAL FUND

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
Licenses, permits and fees	\$127,300	\$136,267	\$8,967
Use of money and property - interest	4,000	2,956	(1,044)
Other	<u>1,000</u>	<u>1,767</u>	<u>767</u>
Total revenues	<u>\$132,300</u>	<u>\$140,990</u>	<u>\$ 8,690</u>
<u>EXPENDITURES</u>			
Personal services & related benefits	\$ 63,421	\$ 63,350	\$ 71
Operating expenses	70,250	57,430	12,820
Professional services	32,500	22,057	10,443
Capital outlay	<u>1,000</u>	<u>1,400</u>	<u>(400)</u>
Total expenditures	<u>167,171</u>	<u>144,237</u>	<u>22,934</u>
Excess (deficiency) of revenues over expenditures	(34,871)	(3,247)	31,624
Fund Balance, July 1, 1997	<u>85,529</u>	<u>85,529</u>	—
Fund Balance, June 30, 1998	<u>\$ 50,658</u>	<u>\$ 82,282</u>	<u>\$31,624</u>

The notes are an integral part of these financial statements



## LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana Board of Chiropractic Examiners (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 36:259E(7) and 37:2801 et seq. The Board is composed of seven members, appointed by the Governor, who serve for terms of four years. The Board is charged with the responsibility of regulating the practice of chiropractic activities within the state of Louisiana. Operations of the Board are funded entirely through self-generated funds.

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 governments.

The Board 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 accompanying statements present only transactions of the Board, a component unit of the State of Louisiana.

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

B. FUND ACCOUNTING

The accounts of the Board are organized into a General Fund and two account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

The fund and account groups presented in the financial statements are described as follows:

General Fund

The general fund 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. General operating expenditures are paid from this fund.

### Account Groups

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. Under the modified accrual basis of accounting all revenue is recognized when measurable and available rather than when earned, and all expenditures are recognized when the obligation is incurred.

### D. GENERAL FIXED ASSETS

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 or estimated historical cost. There were no changes in general fixed assets, which is all furniture and equipment, during this fiscal year.

### E. GENERAL LONG-TERM OBLIGATIONS

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. All of the Board's general long-term obligations are for compensated absences. The following is a summary of the long-term obligation transactions during the year:

Long-term obligations payable	
at July 1, 1997	\$12,120
Additions	1,335
Deductions	<u>        -</u>
Long-term obligations payable	
at June 30, 1998	<u>\$13,455</u>

### F. ENCUMBRANCES

The Board does not use encumbrance accounting.

### G. BUDGET PRACTICES

The Board utilizes the following budgetary practices:

Annually, the Board adopts a budget in compliance with Louisiana Revised Statutes 36:1331-42. The budget, adopted on December 12, 1996, was prepared using the modified accrual basis of accounting. The approved budget was submitted to the Department of Health and Hospitals prior to December 31, 1996. Although the Board has the administrative authority to amend its budget, it did not do so during the year. Thus, the budget as originally adopted is used for comparison to actual expenditures in this presentation. The beginning fund balance is budgeted each year. Appropriations lapse at year-end.

#### H. VACATION AND SICK LEAVE

The Board has the following policy related to vacation and sick leave:

Employees earn annual and sick leave at rates established by the Louisiana Department of Civil Service. The rate varies from twelve days per year each of vacation and sick leave for new employees to twenty-four days per year of each for employees with over fifteen years of service. Annual and sick leave can be carried forward without limit; however, upon separation no sick leave will be paid and only up to 300 hours of annual leave will be paid.

At June 30, 1998, the Board's employee had accumulated and vested \$6,750 of annual leave benefits. Additionally, the employee has accumulated \$6,705 of unused compensatory time, which the Board's legal counsel has held would be payable upon termination of service. This entire obligation has been recorded as a general long-term obligation since it is not expected to be paid out of current resources.

#### I. RETIREMENT BENEFITS

The one full-time employee of the Board belongs to the Louisiana State Employees' Retirement System (LASER), a cost sharing multiple employer defined benefit pension plan. LASER is a statewide public employee retirement system and is available to all eligible employees. The system publishes annual financial reports which include detailed historical, financial and actuarial information.

#### J. LITIGATION AND CLAIMS

At June 30, 1998, the Board is involved in certain litigation. In the opinion of the Board's legal representative, the Board should prevail and have no liability in these matters. Further, the Board is unaware of any unrecorded claims at June 30, 1998.

#### K. LEASES

The Board leases office space from a third party under an operating lease which expires in September, 2000, with an option to extend the lease for an additional three years. Total rent expenditures fiscal year ended June 30, 1998 amounted to \$23,400. Future minimum lease payments under this operating lease as of June 30, 1998 are as follows:

<u>Fiscal Year ending June 30:</u>	
1999	\$23,400
2000	23,400
2001	<u>5,850</u>
Future minimum lease payments	<u>\$52,650</u>

#### L. CASH AND CASH EQUIVALENTS

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

As reflected on the Balance Sheet, the Board had cash and cash equivalents totaling \$88,240 at June 30, 1998. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 1998 were secured as follows:

Carrying Amount on Balance Sheet	<u>\$88,240</u>
Bank Balance:	
1. Insured (FDIC)	\$88,739
2. Uncollateralized, including any securities held for the entity but not in the entity's name	<u>-</u>
Total Bank Balances	<u>\$88,739</u>

#### M. TOTAL COLUMNS ON STATEMENTS

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.

**Zahn, Kenney & Bresette**  
Certified Public Accountants

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 Board of Chiropractic Examiners  
Department of Health and Hospitals  
State of Louisiana

We have audited the financial statements of the Louisiana Board of Chiropractic Examiners (Board), a component unit of the Department of Health and Hospitals, State of Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated August 20, 1998. 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 Board's financial statements are free of material misstatement, we performed tests of the Board's 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 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 Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, 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. We consider the following to be a reportable condition:

Effective internal control requires the segregation of the duties of safeguarding assets, authorizing transactions and preparing accounting records within an

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entity. Due to the size and the nature of the operations of the Board, the accounting functions are performed by one person. Thus, the segregation of duties necessary for effective internal control is not present. This is a repeat finding from the prior year audit report.

Management feels that due to the Board's size, limited financial resources and lack of growth it is not economically feasible to hire additional employees to achieve adequate segregation of duties.

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 believe that the reportable condition described above is a material weakness.

This report is intended for the information of the Board, management, and the Legislative Audit Advisory Committee. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Board, is a matter of public record.

*Gahn, Karmey & Bresette*  
Metairie, Louisiana  
August 20, 1998

## LOUISIANA BOARD OF CHIROPRACTIC EXAMINERS

DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

## SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS

FOR THE YEAR ENDED JUNE 30, 1998

<u>Name</u>	<u>Amount</u>
Peter R. Brosnan	\$ 550
Dwayne L. Burch	600
Donald W. LaBorde	550
Thomas M. Nosser	350
Marilyn J. Panger	600
Jacqueline C. Sloane	550
J. E. Stephenson	<u>500</u>
Total	<u>\$3,700</u>



Summary of Prior Year Audit Findings

In the audit report dated September 10, 1997 the only finding noted by the auditors' was the lack of adequate segregation of duties which we repeat in the current report.