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LOUISIANA BOARD OF  
MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

FINANCIAL STATEMENTS

TWO YEARS ENDED JUNE 30, 1999

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 OCT 06 1999

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999

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(CERTIFIED PUBLIC ACCOUNTANTS)

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## INDEPENDENT AUDITORS' REPORT

Louisiana Board of Massage Therapy  
Department of Health and Hospitals  
State of Louisiana  
Zachary, Louisiana

We have audited the accompanying general purpose financial statements of

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

a component unit of the State of Louisiana, as of June 30, 1999, and for the two years then ended. These financial statements are the responsibility of Louisiana Board of Massage Therapy, Zachary, Louisiana's 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 and 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Board of Massage Therapy, Zachary, Louisiana at June 30, 1999, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

# DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

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In accordance with Government Auditing Standards, we have also issued a report dated September 2, 1999 on our consideration of Louisiana Board of Massage Therapy, Zachary, Louisiana's internal control over financial reporting and our tests on its compliance with certain provisions of 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 supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Louisiana Board of Massage Therapy, Zachary, Louisiana. Such information, except that part marked "unaudited", has been subjected to the audit procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Baton Rouge, Louisiana  
September 2, 1999

*Dyer & Vicknair*

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
ALL FUNDS AND ACCOUNT GROUPS  
BALANCE SHEET  
JUNE 30, 1999

	<u>GOVERNMENTAL FUND</u>	<u>ACCOUNT GROUP</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM OBLIGATIONS</u>	
<u>ASSETS AND OTHER DEBITS</u>				
Cash	\$ 67,270			\$ 67,270
Fixed assets		\$16,409		16,409
Amount to be provided for re- tirement of long- term obligation			\$ 9,280	9,280
<u>Total assets and other debits</u>	<u>67,270</u>	<u>16,409</u>	<u>9,280</u>	<u>92,959</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities				
Accounts payable	\$ 16,938			\$ 16,938
Compensated absences			\$ 9,280	9,280
<u>Total current liabilities</u>	<u>16,938</u>		<u>9,280</u>	<u>26,218</u>
Fund Equity				
Investment in general fixed assets		\$16,409		16,409
Fund balance	50,332			50,332
<u>Total fund equity</u>	<u>50,332</u>	<u>16,409</u>		<u>66,741</u>
<u>Total liabilities and fund equity</u>	<u>67,270</u>	<u>16,409</u>	<u>9,280</u>	<u>92,959</u>

The accompanying notes are an integral part of this statement.

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
TWO YEARS ENDED JUNE 30, 1999

	<u>YEAR ENDED JUNE 30, 1999</u>	<u>YEAR ENDED JUNE 30, 1998</u>
<u>REVENUES</u>		
Licenses and fees	\$ 191,827	\$ 160,615
Interest income	71	378
Miscellaneous	128	3,228
<u>Total revenues</u>	<u>192,026</u>	<u>164,221</u>
<u>EXPENDITURES</u>		
Personal services and related benefits	82,163	71,478
Operating services	34,568	29,836
Materials and supplies	4,142	5,291
Professional services	40,461	40,527
Travel	2,931	4,878
All other	623	621
Capital outlay	800	800
<u>Total expenditures</u>	<u>164,888</u>	<u>153,431</u>
<u>EXCESS REVENUES OVER EXPENDITURES</u>	27,138	10,790
<u>FUND BALANCES,</u> beginning of year	<u>23,194</u>	<u>12,404</u>
<u>FUND BALANCES,</u> end of year	<u>50,332</u>	<u>23,194</u>

The accompanying notes are an integral part of this statement.

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
BUDGET (GAAP BASIS) AND ACTUAL  
TWO YEARS ENDED JUNE 30, 1999

	<u>YEAR ENDED JUNE 30, 1999</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Licenses and fees	\$ 187,750	\$ 191,827	\$ 4,077)
Interest income	0	71	71
Miscellaneous	2,175	128	(2,047)
<u>Total revenues</u>	<u>189,925</u>	<u>192,026</u>	<u>2,101</u>
<u>EXPENDITURES</u>			
Personal services and related benefits	75,850	82,163	(6,313)
Operating services	31,380	34,568	(3,188)
Materials and supplies	7,500	4,142	3,358)
Professional services	45,000	40,461	4,539
Travel	7,000	2,931	4,069
All other	0	623	(623)
Capital outlay	1,000	0	1,000
<u>Total expenditures</u>	<u>167,730</u>	<u>164,888</u>	<u>2,842</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</u>	(22,195)	27,138	4,943
<u>FUND BALANCES, beginning of year</u>	<u>14,142</u>	<u>23,194</u>	<u>9,052</u>
<u>FUND BALANCES, end of year</u>	<u>36,337</u>	<u>50,332</u>	<u>13,995</u>

The accompanying notes are an integral part of this statement.

<u>YEAR ENDED JUNE 30, 1998</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
\$ 158,125	\$ 160,615	\$ 2,490
0	378	378
<u>1,175</u>	<u>3,228</u>	<u>1,053</u>
<u>160,300</u>	<u>164,221</u>	<u>3,921</u>
68,400	71,478	(3,078)
25,480	29,836	(4,356)
4,500	5,291	(791)
45,000	40,527	4,473
8,300	4,878	3,422
0	621	(621)
0	800	(800)
<u>151,680</u>	<u>153,431</u>	<u>(1,751)</u>
8,620	10,790	2,170
<u>18,807</u>	<u>12,404</u>	<u>(6,403)</u>
<u>27,427</u>	<u>23,194</u>	<u>(4,233)</u>



LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999

INTRODUCTION

The Louisiana Board of Massage Therapy, Zachary, Louisiana 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.) 37:3551. The board is composed of seven members, appointed by the governor, who serve two (2) years. The board is charged with the responsibility of licensing and regulating the practice of massage therapy in the State of Louisiana. The board's operations are funded entirely through annual self-generated revenues. At June 30, 1999 there were 1,050 massage therapists and 810 establishments licensed in the State.

Note #1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of Louisiana Board of Massage Therapy, Zachary, Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. In accordance with GASB Codification Section 2100, the board is 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 general-purpose financial statements present only the transactions of Louisiana Board of Massage Therapy, Zachary, Louisiana, a component unit of the State of Louisiana.

C. Fund Accounting

The board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999  
(Continued)

compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect the net expendable available financial resources.

Funds of the board are classified as governmental funds. Governmental funds account for the board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition of general fixed assets, and the servicing of general long-term obligations. Governmental funds of the board include:

General Fund

The general fund is the general operating fund of the board. It is used to account for all financial resources except those required to be accounted for in other funds.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Licenses and fees are recorded in the year received, which approximates when measurable and available. Licenses are renewed annually in December.

Interest income is recorded when earned.

Substantially all other revenues are recorded when they become available to the board.

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999  
(Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accumulated annual leave, which is recognized when paid.

E. Fixed Assets and Long-Term Obligations

Fixed assets used in governmental fund type operations are not capitalized in the funds used to acquire them. Instead, capital acquisition is reflected in governmental funds, and the related assets are reported in the general fixed assets account group. No depreciation has been provided on such fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from the general fund are accounted for in the general long-term obligations account group, not in the government 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.

F. Encumbrances

Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the application appropriation, is not employed.

G. Budgets and Budgetary Accounting

An annual budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP).

H. Cash and Investments

Cash includes interest-bearing demand deposits. Under state law, the board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States bonds, treasury notes or certificates.

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999  
(Continued)

The board considers time deposits and investments with an *original maturity of three months or less to be cash equivalents*. If the original maturities exceed 90 days, they are classified as investments.

I. Compensated Absences

Vested or accumulated annual and sick leave that is not expected to be liquidated with expendable available resources of the general funds is reported in the general long-term obligation account group. No expenditure is reported for these amounts.

J. Memorandum Only - Total Column

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.

Note #2: LEGAL COMPLIANCE - BUDGET

The board adopts a budget for the fiscal year at its spring meeting.

Formal budget integration is employed as a management control device during the year.

All appropriations lapse at the end of the year.

*Budgetary amendments require the approval of the board.*

Budgeted amounts included in the accompanying financial statements reflect the original adopted budget and adopted amendments.

Note #3: CASH

At June 30, 1999, the board has cash (bank balances) totaling \$67,270. This total is comprised of interest-bearing demand deposits. 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 of deposit with the fiscal

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999  
(Continued)

agent. These securities must be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 1999, the board has \$75,141 in deposits (collected bank balances). This entire balance is secured from risk by federal depository insurance.

Note #4: CHANGES IN GENERAL FIXED ASSETS

At June 30, 1999, the board has stewardship responsibility for \$16,409 in furniture and equipment. The only change in general fixed assets were additions in the amount of \$800 during the year ended June 30, 1999.

Note #5: CHANGES IN LONG-TERM OBLIGATIONS

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

	<u>Compensated absences</u>
Balance, July 1, 1997	\$ 4,110
Additions	<u>1,335</u>
Balance, June 30, 1998	5,445
Additions	<u>3,835</u>
Balance, June 30, 1999	<u><u>9,280</u></u>

Note #6: PENSION PLAN

All full time employees of the board are members in the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age employees are entitled to annual benefits equal to \$300 plus 2.5 percent of their highest consecutive 36 months average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with thirty years of service; (b) age 55 with twenty five years service; or (c) at age 60 with ten years of service. The system also provides death and disability benefits. Benefits are established by state statute.

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
TWO YEARS ENDED JUNE 30, 1999  
(Continued)

The System issues stand-alone financial statements that may be obtained at Post Office Box 44213, Baton Rouge, Louisiana, 70804.

In addition to the employee contributions at 7.5% of gross salary, the board contributes an additional 12.0% of gross salary to the System. Contributions to the System during the year were funded through employee and employer contributions of \$5,281 and \$8,402, and \$3,887 and \$6,070 for the years ending June 30, 1999 and June 30, 1998, respectively. The total payroll of the board for the years ended June 30, 1999 and June 30, 1998 was \$70,414 and \$60,919, respectively. The total payroll covered by the System for the years ended June 30, 1999 and June 30, 1998 was \$70,414 and \$51,850, respectively. Under present statutes the board does not guarantee any of the benefits of the System.

Note #7: POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The board has no retired employees receiving postretirement health care and life insurance benefits.

Note #8: LEASES

The board leases office space for \$500 per month. This lease is considered for accounting purposes to be an operating lease which expires October 1, 1999. Rent expenditure is \$6,000 for the years ended June 30, 1999 and 1998.

Future minimum lease payments for this lease are as follows:

Year ending June 30, 2000	\$1,500
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The board has no capital leases.

Note #8: LITIGATION

There were no judgments, claims or similar contingencies pending against the board at June 30, 1999.

Note #9: BOARD MEMBERS' PER DIEM

The board members are paid per diem of \$50 for each day's attendance on board business.

**SUPPLEMENTAL INFORMATION**

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
GOVERNMENTAL FUND - GENERAL FUND  
SCHEDULE OF BOARD MEMBERS' PER DIEM  
TWO YEARS ENDED JUNE 30, 1999

	YEAR ENDED JUNE 30, 1999	YEAR ENDED JUNE 30, 1998
Marco Blamphin	\$ 350	
Michael Breaux	200	
Becky Click	250	\$ 350
Lena Holden	250	350
Candace Faith	250	150
Tammy Kershaw	500	
Ellen LaRocca	250	
Gayle Poret	500	300
Ben Melanson	500	1,400
Beverly Rafael	200	550
Vernon Smith	150	350
Wendy Whitehurst	250	300
	<hr/>	<hr/>
<u>Totals</u>	<u>3,650</u>	<u>3,750</u>



LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
YEAR 2000 ISSUE  
TWO YEARS ENDED JUNE 30, 1999  
(Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Board's operations as early as 1999.

At present the Board uses an accounting system that has been upgraded and is believed to be year 2000 compliant. 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 remediation efforts will be successful in whole or in part, or that parties with whom the Board does business will be year 2000 ready.

# DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

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## 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 Massage Therapy  
Department of Health and Hospitals  
State of Louisiana  
Zachary, Louisiana

We have audited the general purpose financial statements of Louisiana Board of Massage Therapy, Zachary, Louisiana, for the two years ended June 30, 1999, and have issued our report thereon dated September 2, 1999. 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 Louisiana Board of Massage Therapy, Zachary, Louisiana'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 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 Louisiana Board of Massage Therapy, Zachary, Louisiana'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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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.

# DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

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This report is intended for the use of management and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. By provision of state law, this report is a public document and it has been distributed to appropriate public officials.

There were no comments related to compliance or internal control noted in the audit for the two years ended June 30, 1997.

Baton Rouge, Louisiana  
September 2, 1999

*Dyer & Vicknair*

LOUISIANA BOARD OF MASSAGE THERAPY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF FINDINGS  
TWO YEARS ENDED JUNE 30, 1999

1. a) An unqualified opinion was issued on the general purpose financial statements.
  - b) There were no reportable conditions in internal control disclosed by the audit of the general purpose financial statements.
  - c) Our audit did not disclose any noncompliance which is material to the general purpose financial statements.
2. There were no findings relating to the financial statements which are required to be reported in accordance with Government Auditing Standards.