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LOUISIANA BOARD OF PHARMACY
BATON ROUGE, LOUISIANA

FINANCIAL REPORT

FOR THE TWO YEARS ENDED
JUNE 30, 1997

Reissued

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 08 1997

LOUISIANA BOARD OF PHARMACY
Baton Rouge, Louisiana

Component Unit Financial Statements with Independent Auditor's Report
For the Two Years Ended June 30, 1997

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LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

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INDEPENDENT AUDITOR'S REPORT

To the Louisiana Board of Pharmacy
Baton Rouge, Louisiana

I have audited the accompanying component unit financial statements of Louisiana Board of Pharmacy, Baton Rouge, Louisiana, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1997, as listed in the Table of Contents. These component unit financial statements are the responsibility of Louisiana Board of Pharmacy's management. My responsibility is to express an opinion on these component unit financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Board of Pharmacy as of June 30, 1997, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the component unit financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of Louisiana Board of Pharmacy. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in my opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 10, 1997, on my consideration of Louisiana Board of Pharmacy's internal control structure and a report dated September 10, 1997, on its compliance with laws and regulations.



Leroy J. Chustz
Certified Public Accountant, APAC

September 10, 1997

Except for Note 9, as to which the
date is September 30, 1997

LOUISIANA BOARD OF PHARMACY

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1997ASSETS

	GOVERNMENTAL FUND- GENERAL FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	TOTAL (MEMO ONLY)
ASSETS AND OTHER DEBITS				
Cash and cash equivalents (Note 2)	\$ 761,860.26			\$ 761,860.26
Fixed assets (Note 3)		\$ 79,811.00		79,811.00
Amount to be provided for retirement of general long-term obligations			\$ 41,667.00	41,667.00
TOTAL ASSETS	\$ 761,860.26	\$ 79,811.00	\$ 41,667.00	\$ 883,338.26

LIABILITIES, EQUITY, AND OTHER CREDITS

LIABILITIES

Payroll deductions and withholdings payable	\$ 7,359.61			\$ 7,359.61
Accrued compensated absences (Note 6)			\$ 41,667.00	41,667.00
TOTAL LIABILITIES	\$ 7,359.61	\$ 0.00	\$ 41,667.00	\$ 49,026.61

EQUITY AND OTHER CREDITS

Investments in general fixed assets		\$ 79,811.00		\$ 79,811.00
Fund balance- unreserved, undesignated	\$ 754,500.65			754,500.65
Total Equity and Other Credits	\$ 754,500.65	\$ 79,811.00		\$ 834,311.65
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 761,860.26	\$ 79,811.00	\$ 41,667.00	\$ 883,338.26

See accompanying notes to the financial statements.

LOUISIANA BOARD OF PHARMACY
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual -All Governmental Fund Types - General Fund
 For the Year Ended June 30, 1996

Statement B

	1996	BUDGET	VARIANCE	%
<u>Revenues:</u>				
Licenses, permits and fees	\$ 751,770.85	\$ 738,000.00	\$ 13,770.85	1.87
Use of money and property - interest earnings	18,779.19	22,000.00	3,220.81	(14.64)
 Total Revenues	 <u>\$ 770,550.04</u>	 <u>\$ 760,000.00</u>	 <u>\$ 10,550.04</u>	 <u>1.39</u>
 <u>Expenditures:</u>				
General Government - Public Safety				
Current Operations:				
Salaries	349,164.66	340,534.00	8,630.66	2.53
Compensation paid to board members	41,400.00	45,500.00	(4,100.00)	(9.01)
Related Benefits	44,829.68	65,000.00	(20,170.32)	(31.03)
Travel	144,109.98	140,000.00	4,109.98	2.94
Operating Services	83,570.67	80,000.00	3,570.67	4.46
Supplies	35,752.28	31,000.00	4,752.28	15.33
Professional services	60,730.00	81,613.00	(20,883.00)	(25.59)
Capital Outlay:				
Capital Outlay	8,269.00	5,000.00	3,269.00	65.38
 Total Expenditures	 <u>\$ 767,826.27</u>	 <u>\$ 788,647.00</u>	 <u>\$ (20,820.73)</u>	 <u>(2.64)</u>
 Excess (Deficiency) of Revenues over Expenditures	 <u>\$ 2,723.77</u>	 <u>\$ (28,647.00)</u>	 <u>\$ 31,370.77</u>	 <u>(109.51)</u>
 Fund Balance at Beginning of Year	 799,435.78	 799,435.78	 0.00	 0.00
Fund Balance at End of Year	<u>\$ 802,159.55</u>	<u>\$ 770,788.78</u>	<u>\$ 31,370.77</u>	<u>4.07</u>

LOUISIANA BOARD OF PHARMACY
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget (GAAP Basis) and Actual - All Governmental Fund Types - General Fund
 For the Year Ended June 30, 1997

Statement C

	1997	BUDGET	VARIANCE	%
<u>Revenues:</u>				
Licenses, permits and fees	\$ 773,317.70	\$ 863,000.00	\$ (89,682.30)	(10.39)
Use of money and property - interest earnings	17,483.00	23,000.00	5,517.00	(23.99)
Total Revenues	<u>\$ 790,800.70</u>	<u>\$ 886,000.00</u>	<u>\$ (95,199.30)</u>	<u>(10.74)</u>
<u>Expenditures:</u>				
General Government - Public Safety				
Current Operations:				
Salaries	390,044.05	380,000.00	10,044.05	2.64
Compensation paid to board members	44,250.00	50,000.00	(5,750.00)	(11.50)
Related Benefits	56,475.77	65,000.00	(8,524.23)	(13.11)
Travel	157,322.62	149,000.00	8,322.62	5.59
Operating Services	87,176.54	98,730.00	(11,553.46)	(11.70)
Supplies	63,528.82	55,500.00	8,028.82	14.47
Professional services	35,491.02	80,000.00	(44,508.98)	(55.64)
Capital Outlay:				
Capital Outlay	4,170.78	20,000.00	(15,829.22)	(79.15)
Total Expenditures	<u>\$ 838,459.60</u>	<u>\$ 898,230.00</u>	<u>\$ (59,770.40)</u>	<u>(6.65)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (47,658.90)</u>	<u>\$ (12,230.00)</u>	<u>\$ (35,428.90)</u>	<u>289.69</u>
Fund Balance at Beginning of Year	<u>802,159.55</u>	<u>802,159.55</u>	<u>0.00</u>	<u>0.00</u>
Fund Balance at End of Year	<u>\$ 754,500.65</u>	<u>\$ 789,929.55</u>	<u>\$ (35,428.90)</u>	<u>(4.49)</u>

LOUISIANA BOARD OF PHARMACY
Baton Rouge, Louisiana

Notes to the Financial Statements
For the Two Years Ended June 30, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The Louisiana Board of Pharmacy 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.) 37:1171. The board is composed of 17 members, appointed by the governor, who serve terms of six years. The board is charged with establishing rules and regulations governing activities of the pharmacy profession within the state. The board administers examinations and issues, reviews, suspends, and/or revokes licenses of pharmacists and pharmacies in the State of Louisiana. Operations of the board are funded with self-generated revenues, including certificates, permits, examination fees, and continuing professional education seminar fees. The board maintains its office in Baton Rouge and has eight full-time employees.

A. BASIS OF PRESENTATION

In April 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. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Louisiana Board of Pharmacy 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 financial statements present information only as to the transactions of the programs of the Louisiana Board of Pharmacy, 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 audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

The Louisiana Board of Pharmacy uses a fund and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. 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 net expendable available financial resources.

The General Fund is classified as a governmental fund. The General Fund is the general operating fund of the board and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is 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. The operating statement of the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

The board uses the following practices in recording revenues and expenditures in the General Fund:

Revenues

Licenses/certificates, permits, examination fees, and continuing professional education seminar fees are recorded in the year they are received, which approximate when measurable and available. Licenses and permits must be renewed annually and are considered delinquent after January 15. All other revenues are recorded when received.

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.

E. BUDGET PRACTICES

The board adopts an annual budget as prescribed by LSA-R.S. 36:803. The budgets, adopted on January 22, 1995, and April 17, 1996, were prepared and reported based on cash estimates. Appropriations lapse at year end. The board did not budget its beginning cash balance nor does it use encumbrance accounting. Formal budget integration is employed as a management control device during the year.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

G. GENERAL FIXED ASSETS AND LONG-TERM OBLIGATIONS

General fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. 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 obligations account group.

H. COMPENSATED ABSENCES

Employees of the board earn and accumulate vacation and sick leave at varying rates according to their years of service with the board. The amount of vacation and sick leave that may accumulate by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statements, Continued
June 30, 1997

I. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) 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. Nor is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 1997, the board had cash and cash equivalents (book balances) totaling \$781,950 as follows:

Demand deposits	\$256,950
Certificates of deposit	<u>525,000</u>
Total	<u>\$781,950</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 securities are 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, 1997, the board had \$814,903 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1) and \$965,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Risk Category 3).

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets is as follows:

Balance at July 1, 1995	\$67,371
Additions	8,269
Deletions	<u>0</u>
Balance at June 30, 1996	<u>\$75,640</u>
Balance at July 1, 1996	\$75,640
Additions	4,171
Deletions	<u>0</u>
Balance at June 30, 1997	<u>\$79,811</u>

4. RETIREMENT SYSTEM

Plan Description: Substantially all 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 and other political subdivisions, which is administered and controlled by a separate board of trustees.

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.

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 writing to the Louisiana State Employees Retirement System, P.O. Box 44213, Baton Rouge, LA 70804-4213 or by calling (504) 922-0600.

Funding policy: Covered employees are required by state statute to contribute 7.5 per cent of gross salary to which the Board adds an 11.9 per cent contribution as an employer's match. Contributions of participating state agencies are pooled within the system to fund accrued benefits with contribution rates approved by the Louisiana Legislature. The Board's contributions to the system for the years ended June 30, 1995, and 1996, were \$26,937.00, and \$31,035.00, respectively, equal to the required contributions for each year.

5. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana Board of Pharmacy provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the board's employees become eligible for these benefits if they reach normal retirement age while working for the board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and the board. The board's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the years ended June 30, 1996, and 1997, the cost of benefits for four retirees totaled \$7,743.58 and \$7,093.38, respectively.

LOUISIANA BOARD OF PHARMACY
Notes to the Financial Statements, Continued
June 30, 1997

6. CHANGES IN LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the years ended June 30, 1996, and 1997:

Accrued compensated absences at July 1, 1995	\$43,798
Additions	4,885
Deletions	<u>0</u>
Accrued compensated absences at June 30, 1996	<u>\$48,683</u>
Accrued compensated absences at July 1, 1996	\$48,683
Additions	0
Deletions	<u>7,016</u>
Accrued compensated absences at June 30, 1997	<u>\$41,667</u>

7. LITIGATION AND CLAIMS

According to legal counsel, the Board is presently involved in one law suit relating to a public records issue. At the time of the issuance of these financial statements a judgement has been rendered against the Board in the amount of \$695,056. The Board has appealed the judgement and a decision is pending. Legal counsel for the Board expects a favorable outcome in this matter. No provision for this contingency is made in these financial statements.

8. DEFERRED COMPENSATION PLAN

Certain employees of the Louisiana Board of Pharmacy participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

9. SUBSEQUENT EVENTS

The judgment in the amount \$695,056 referred to in Note 7 above was reversed by the First Circuit Court of Appeal on September 19, 1997. Additionally, cash, revenues and fund equity of the general fund were adjusted as a result of the discovery and resolution of a bank error which occurred in January, 1997.

SUPPLEMENTAL INFORMATION

LOUISIANA BOARD OF PHARMACY

SCHEDULE OF PER DIEM PAID BOARD MEMBERS
For the Two Years Ended June 30, 1997

The Schedule of Per Diem Paid Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Act 46 of the 1993 Regular Session of the Louisiana Legislature increased the per diem to \$75.00 per day for each board or committee meeting they attend and for attending to official business of the board, as authorized by Louisiana Revised Statute 37:1173 (B).

<u>Name</u>	June 30, 1996		June 30, 1997	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Carl W. Aron	30	\$ 2,250	50	\$ 3,750
Philip C. Aucoin	51	3,825	34	2,550
George L. Boudreaux	2	150	6	450
B. Belaire Bourg	37	2,775	31	2,325
Allen L. Brinkhaus	19	1,425	32	2,400
Thomas J. Chambliss	20	1,500	47	3,525
Salvatore J. D'Angelo	37	2,775	53	3,975
Reuben R. Dixon	40	3,000	45	3,375
Robert L. Eastin	0	0	19	1,425
Lee Foster	16	1,200	16	1,200
Ruth C. Jean	0	0	6	450
John F. Karl	8	600	0	0
H. Bernard LeBas	48	3,600	23	1,725
Carl J. Napoli, Sr.	26	1,950	22	1,650
Walter J. Pierron, Jr.	33	2,475	11	825
Blake P. Pitre	33	2,475	42	3,150
T. Morris Rabb	0	0	19	1,425
Willie R. Seal	36	2,700	38	2,850
Hewitt P. Theriot	0	0	19	1,425
Charles D. Trahan	108	8,100	74	5,550
Daniel H. Yeoman	<u>8</u>	<u>600</u>	<u>3</u>	<u>225</u>
Total	<u>552</u>	<u>\$41,400</u>	<u>590</u>	<u>\$44,250</u>

OTHER REQUIRED FEDERAL AND STATE FINANCIAL ASSISTANCE INFORMATION

LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF COMPONENT UNIT
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Louisiana Board of Pharmacy
Baton Rouge, Louisiana

I have audited the component unit financial statements of Louisiana Board of Pharmacy, Baton Rouge, Louisiana, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1997, and have issued my report thereon dated September 10, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

The management of Louisiana Board of Pharmacy is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of component unit financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the component unit financial statements of Louisiana Board of Pharmacy, for the two years ended June 30, 1997, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the component unit financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant

deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

In my consideration of the internal control structure, I noted that the size of the board's operations and its limited staff preclude an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial.

It was found that in many instances Board members failed to pay for, and submit their own claims for reimbursement, for travel expenses. For example, it was common for several members of the Board to have a meal at a restaurant and the entire bill be paid by the Executive Director or President of the Board. This procedure does not provide for sufficient control over travel expenses of the Board. Under this procedure, it is not possible to assess reasonableness of the claim for reimbursement, nor can the Board be assured that the same meal has not been reimbursed more than once. I recommend that the Board adopt a uniform travel expense reimbursement policy which clearly defines allowable and reasonable expenses and that each Board member file his/her own request for reimbursement for expenses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Louisiana Board of Pharmacy and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.



Leroy J. Chustz
Certified Public Accountant, APAC
September 10, 1997

LEROY J. CHUSTZ

CERTIFIED PUBLIC ACCOUNTANT, APAC

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Louisiana Board of Pharmacy
Baton Rouge, Louisiana


I have audited the component unit financial statements of Louisiana Board of Pharmacy, Baton Rouge, Louisiana, as of and for the two years ended June 30, 1997, and have issued my report thereon dated September 10, 1997.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Louisiana Board of Pharmacy, is the responsibility of Louisiana Board of Pharmacy's management. As part of obtaining reasonable assurance about whether the component unit financial statements are free of material misstatement, I performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the component unit financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the management of Louisiana Board of Pharmacy and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.


Leroy J. Chustz
Certified Public Accountant, APAC
September 10, 1997