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LOUISIANA STATE BOARD OF EMBALEMERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 1960 AND 1961
 AND
 INDEPENDENT AUDITOR'S REPORT

RECEIVED
 OCT 22 1961
 STATE OF LOUISIANA
 DEPARTMENT OF HEALTH AND HOSPITALS

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewed, orally 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 18 1961

LOUISIANA STATE BOARD OF EMERALGERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 1987 AND 1986

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ALBERT J. DERBES, III, C.P.A.
ALBERT J. THOMPSON, C.P.A.
* A MEMBER FIRM
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INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of Examiners and Fiscal Directors
Department of Health and Hospitals
State of Louisiana
Monroe, Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Examiners and Fiscal Directors (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1997 and 1996, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Examiners and Fiscal Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, **Government Auditing Standards**, issued by the Comptroller General of the United States, and the **Louisiana Governmental Audit Guide**. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.

As discussed in Note 1, the financial statements present only the Louisiana State Board of Examiners and Fiscal Directors, and are not intended to present fully the financial position of the State of Louisiana and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

In accordance with **Governmental Auditing Standards**, we have also issued a report dated September 12, 1997 on our evaluation of the Board's internal control structure and a report dated September 12, 1997 on its compliance with laws and regulations.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

BALANCE SHEET -
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1997

	Governmental Fund Total	Account Groups		Total (Miscellaneous Only)
		General Fund Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS				
Cash and cash equivalents	\$ 212,943	\$ -	\$ -	\$ 212,943
Other assets	939	-	-	939
Fund assets	-	64,023	-	64,023
Total Assets	\$ 213,882	\$ 64,023	\$ -	\$ 213,882
LIABILITIES AND FUNDED EQUITY				
Accounts payable and accrued expenses	\$ 15,529	\$ -	\$ -	\$ 15,529
Other liabilities	673	-	-	673
Accumulated annual leave	-	-	18,967	18,967
Total Liabilities	16,202	-	18,967	35,169
FUND EQUITY				
Investment in general fund assets	-	44,239	-	44,239
Fund balance - unreserved and undesignated	202,672	-	110,047	312,719
Total Fund Equity	202,672	44,239	110,047	357,958
Total Liabilities and Fund Equity	\$ 213,882	\$ 44,189	\$ -	\$ 213,882

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TYPE

FOR THE YEARS ENDED JUNE 30, 1997 AND 1996

	General Fund	
	1997	1996
Revenues:		
Licenses, permits and fees	\$ 197,525	\$ 203,530
Fees	31,525	32,080
Use of money and property - interest earnings	7,588	5,861
Other revenues	592	580
Total Revenues	237,230	242,051
Expenditures:		
General government:		
Personal services and related benefits	148,698	133,254
Professional services	47,880	39,801
Operating services	33,772	35,208
Materials and supplies	6,978	4,862
Travel and other charges	29,353	24,719
Capital outlay	1,262	10,196
Total Expenditures	281,003	247,330
Excess of Revenues over Expenditures	56,227	94,721
Fund Balance - beginning of year	172,589	113,380
Fund Balance - end of year	\$ 228,816	\$ 208,101

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1997

	General Fund		Variances- Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Licenses, permits and fees	\$ 248,500	\$ 257,225	\$ 8,725
Fees	15,000	31,225	16,225
Interest earned	4,500	7,225	2,725
Other revenues	3,500	527	(2,973)
Total Revenues	271,500	297,225	25,725
EXPENDITURES:			
Personnel services and benefits	129,276	541,098	(411,822)
Professional services	30,000	47,999	(17,999)
Operating services	34,901	33,372	1,529
Materials and supplies	4,500	6,979	(2,479)
Travel and other charges	32,800	29,199	3,601
Capital outlay	15,000	1,282	13,718
Total Expenditures	246,477	281,085	65,392
Excess of Revenues Over Expenditures	25,023	16,140	9,883
Fund Balance - July 1, 1996	172,982	159,282	13,700
Fund Balance - June 30, 1997	\$ 197,930	\$ 205,479	\$ 7,549

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBAJERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET (GAAP BASIS) AND ACTUAL
 GOVERNMENTAL FUND TYPE

FOR THE YEAR ENDED JUNE 30, 1995

	General Fund		Various- Favorable (Unfavorable)
	Budget	Actual	
REVENUES:			
Licenses, permits and fees	\$ 249,960	\$ 263,038	\$ 13,078
Fees	15,000	32,080	17,080
Interest earned	3,200	5,661	2,461
Other revenues	1,520	152	(1,368)
Total Revenues	271,680	302,931	31,251
EXPENDITURES:			
Personal services and benefits	116,678	133,354	16,676
Professional services	21,800	26,001	4,201
Operating services	33,812	30,206	(3,606)
Materials and supplies	4,508	4,892	384
Travel and other charges	32,808	24,718	(8,090)
Capital outlay	2,200	13,156	10,956
Total Expenditures	240,806	262,327	21,521
Excess of Revenues Over Expenditures	31,874	40,604	8,730
Fund Balance - July 1, 1995	113,200	113,200	0-
Fund Balance - June 30, 1996	\$ 145,174	\$ 172,994	\$ 27,820

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Embalmers and Funeral Directors (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes (LSA R.S.) 37:831-861. The Board is currently composed of seven members who are appointed by and serve at the pleasure of the Governor. The Board is charged with the responsibility of licensing and regulating embalmers, funeral directors and funeral homes. Operations of the Board are funded with fees collected from licensees. At June 30, 1997, approximately 445 funeral homes, 915 embalmers, and 425 funeral directors were licensed.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In June of 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana State Board of Embalmers and Funeral Directors prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the Board members, and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Embalmers and Funeral Directors, 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.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting

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

General Fund

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

B. General Fixed Assets and General Long-Term Obligations

Fixed assets used in the governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds. The only long-term obligation of the Commission is the accrued annual leave.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Licenses fees, as well as other revenues, are reported when received. Licenses must be renewed annually by December 31 and are automatically revoked after that date. Interest income on short-term investments is recognized as it is earned.

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.

2 - BUDGET PRACTICES

Annually the Board adopts a budget that is submitted to the Department of Health and Hospitals, as prescribed by L.S.A. R.S. 1311-1342. The budget for the fiscal year ended June 30, 1987 was adopted on March 12, 1986. The budget for the fiscal year ended June 30, 1990 was adopted on November 21, 1989 and amended on August 14, 1993. The Board utilizes a budget prepared on a fiscal year basis using the same accounting procedures and practices that are used in preparing the annual financial statements. Although budget amounts lapse at year-end, the Board retains its unexpended fund balance (a fund expenditures of the succeeding year. Formal budget integration is not employed as a management control device during the year.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

Title	Variance- Favorable (Unfavorable)	Comments
Travel and other charges	\$ 1,281	The costs incurred for meetings and out-of-state attendance at conferences was less than budgeted. Also, a new Inspector/Investigator was hired at the beginning of the fiscal year ended June 30, 1996 whose travel habits were different from those of the prior Inspector/Investigator upon which budgeted amounts were prepared.
Capital outlay	(7,686)	Due to the total breakdown of the Board's computer system during the fiscal year ended June 30, 1996, it was necessary to purchase new computers for approximately \$10,000, which was not provided for in the budget.

3 - 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 former Emergency Board. Further, the Board may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

LOUISIANA STATE BOARD OF TREASURERS AND FISCAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS (Continued)

At June 30, 1997, the carrying amount of the Board's deposits was \$222,843 and the bank balance was \$251,078. Of the bank balance, \$251,078 was covered by federal depository insurance.

Certificates of deposit at June 30, 1997 consisted of the following:

Depository	Date of Origin	Maturity	Interest Rate	Amount	Accrued Interest
Mutual Savings and Loan	04/15/97	10/15/97	4.50%	\$ 43,500	\$ 389
Mutual Savings and Loan	06/13/97	05/31/97	4.80%	52,258	119
Crescent Bank and Trust	05/30/97	10/31/98	6.00%	167,085	—
				\$162,812	\$ 508

Certificates of deposit are insured by the Federal Deposit Insurance Corporation.

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$222,943 at June 30, 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 collateral bank in the form of safekeeping receipts held by the same treasurer.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3- CASH AND CASH EQUIVALENTS (Continued)

The deposits at June 30, 1977 were insured as follows:

	Cash	Certificates of Deposit	Total
Carrying Amount on Balance Sheet	\$ 50,423	\$ 163,329	\$ 213,752
Bank Balances:			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$ 68,258	\$ 152,812	\$ 221,070
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-	-	-
3. Uncollateralized, including any securities held for the entity but not in the entity's name	-	-	-
TOTAL Bank Balances	\$ 68,258	\$ 152,812	\$ 221,070

4- VACATION AND SICK LEAVE

The Louisiana State Board of Embalmers and Funeral Directors has the following policy related to vacation and sick leave:

Employees earn vacation and sick leave at rates established by the Louisiana Department of Civil Service. The rate varies from twelve days of vacation time and twelve days of sick leave per year for new employees up to twenty four days of each for employees with over fifteen years of service. Employees can carry over unused time indefinitely. Upon termination of employment, the Board is obligated to pay the employee at their current hourly rate for all unused vacation time up to 300 hours.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4 - VACATION AND SICK LEAVE (Continued)

At June 30, 1997, employees of the Board had accumulated and vested \$10,047 of employee leave benefits, which was computed in accordance with GASB Codification Section 606. Of this amount, \$ - is recorded as an obligation of the General Fund and \$10,047 is recorded within the General Long-Term Obligation Account Group because the Board does not expect to pay it out of current resources. No liability has been recorded for accumulated vacation time in excess of 300 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

5 - TOTAL COLUMNS ON BALANCE SHEET

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

Since the Louisiana State Board of Embalmers and Funeral Directors consists of only one fund, no memorandum items are presented on the Statement of Resources, Expenditures and Changes in Fund Balance or the Statements of Resources, Expenditures and Fund Balance - Budget (GAAP Basis) and Actual.

6 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follows:

For the year ended June 30, 1996:

	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 27,184	\$ 10,158	\$ (8,897)	\$ 38,445
Automobiles	11,478	-0-	-0-	11,478
Total	\$ 38,662	\$ 10,158	\$ (8,897)	\$ 49,923

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

6 - CHANGES IN GENERAL FIXED ASSETS (Continued)

For the year ended June 30, 1997:

	Beginning Balance	Additions	Dispositions	Ending Balance
Furniture and equipment	\$ 52,642	\$ 1,962	\$ (1,696)	\$ 52,908
Automobiles	11,626	—	—	11,626
Totals	\$ 64,268	\$ 1,962	\$ (1,696)	\$ 64,534

In accordance with LSA R.S. 39:321-332, the Board has complied with the Louisiana movable property statute.

7 - EMPLOYED PENSION PLAN

Substantially all employees of the Board are members of the Louisiana State Employees Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERC). The System is a statewide public retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature. In addition to the employee contribution withheld at 7.5% of covered payroll for the fiscal years ended June 30, 1997 and 1996, the Board contributed an additional 12.4% and 12.0% of covered payroll for the years ended June 30, 1997 and 1996, respectively. Contributions to the system were funded through employee contributions of \$7,242 and \$6,534 for the years ended June 30, 1997 and 1996, respectively, and employer contributions of \$11,924 and \$13,095 for the years ended June 30, 1997 and 1996, respectively. The Board contributed \$11,974, \$11,095 and \$10,510 to the System for the years ended June 30, 1997, 1996 and 1995, respectively, which represented 100% of the required contribution for each year. The total payroll of the Board was \$97,811 and \$93,732 for the years ended June 30, 1997 and 1996, respectively, and the total payroll covered by the System was \$96,560 and \$92,458 for the years ended June 30, 1997 and 1996, respectively. Under present statutes, the Board does not guarantee any of the benefits granted by the Retirement System.

LOUISIANA STATE BOARD OF EMERALDS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

7 - EMPLOYEE PENSION PLAN (Continued)

All full-time Board employees are eligible to participate in the System. Benefits vest with 30 years of service. At retirement age, employees are entitled to annual benefits equal to \$380 plus 2.5 per cent of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1997 comprehensive annual financial report which is separately issued. Benefits granted by the System are guaranteed by the State of Louisiana under the Louisiana Constitution of 1974.

8 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of its 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 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 years ended June 30, 1997 and 1996 the costs of retiree benefits totaled \$1,523 and \$1,211, respectively.

9 - LEASE

The Board occupies leased premises at 3380 N. Causeway Blvd., Suite 1212, Metairie, Louisiana on a three-year operating lease which expires February 28, 1998. The lease requires monthly rental payments of \$1,712. All taxes, utilities and building maintenance are paid by the lessee. Rent expense for the years ended June 30, 1997 and 1996 was \$20,640 and \$20,664, respectively.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)

10 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the two years ended June 30, 1997.

Accumulated annual leave at June 30, 1995	\$ 7,456
Additions	459
Reductions	<u>-----</u>
Accumulated annual leave at June 30, 1996	7,925
Additions	2,122
Reductions	<u>-----</u>
Accumulated annual leave at June 30, 1997	\$10,047

Certain of the Board's employees have accumulated annual leave in excess of the 300 hour maximum referred to in Note 4. In those cases, increases in accumulated annual leave arise primarily from annual increases in hourly wage rates applied to the hours accumulated.

11 - LITIGATION AND CLAIMS

At June 30, 1997, the Board was not involved in any litigation and was not aware of any claims which would not be covered by insurance as provided by coverage self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1997 and 1996, legal fees of \$44,799 and \$26,153, respectively, were incurred and recorded as expenditures in the general fund.

12 - FEE INCREASES

Pursuant to the passage of House Bill 123 during the fiscal year ended June 30, 1995, individual embalmer and funeral director annual renewal fees were increased from \$25 to \$50, funeral home annual renewal fees were increased from \$300 to \$400, new funeral home licenses and ownership change fees were increased from \$500 to \$750, and board member per diem allowances were increased from \$50 to \$100 effective August 15, 1995.

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A CORPORATION
MEMBER AICPA

ACCOUNTANT'S REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana State Board of Embalmers and Funeral Directors. The supplementary information included in the Schedule of Compensation of Board Members has been subjected to the same auditing procedures and, in our opinion, is stated fairly in all material aspects when considered in conjunction with the basic financial statements taken as a whole.



September 12, 1997

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

SCHEDULE OF COMPENSATIONS OF BOARD MEMBERS

FOR THE YEARS ENDED JUNE 30, 1987 AND 1988

	Meetings Attended		Compensation	
	June 30, 1988	June 30, 1987	June 30, 1987	June 30, 1988
Louis Charbonnet, III	7	0	\$ 700	\$ 0
Royal J. David	11	7	2,200	2,400
Lloyd E. Egan, Secretary	8	8	800	900
Alan A. Higgins, II	3	3	600	1,000
William T. Mackswold	2	7	600	1,800
Clayd T. G. Morgan	8	0	1,700	0
Frederic H. Miller, Jr.	13	6	2,100	800
Levin A. Mathison, Jr.	8	0	1,300	0
George H. Smith	3	3	800	1,700
Rev. Dr. George L. Thomas	12	5	2,200	1,500
	<u>80</u>	<u>42</u>	<u>\$12,000</u>	<u>\$9,900</u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 121 of the 1987 Session of the Louisiana Legislature and House Concurrent Resolution No. 54 of the 1988 Session of the Louisiana Legislature. Board members are paid \$100 per diem while on board business effective August 15, 1985 and \$150 per diem while on board business prior to August 15, 1985, as authorized by L.S.A.-R.S. 37:818. In addition to the per diem, the necessary received a salary of \$10,000 per year for exercising the duties of his office.

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ACCOUNTING CORPORATION

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

Louisiana State Board of Embalmers and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

We have audited the financial statements of the Louisiana State Board of Embalmers and Funeral Directors (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated September 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the Louisiana State Board of Embalmers and Funeral Directors is the responsibility of the Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Board's compliance with certain laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of noncompliance that are required to be reported herein under Government Auditing Standards.

Professional Service Contract

The Louisiana State Board of Engineers and General Directors entered into a contract for legal services without complying with all provisions of the Louisiana statutes and the Louisiana Administrative Code. Our examination of the Board's contract for legal services disclosed the following:

The contract for the period commencing April 1, 1996 and terminating on March 31, 1997 specified the maximum amount of expenditures to be \$25,000. However, during the contract period, the Board paid the contractor \$35,934, of which \$2,640 was recovered by the Board in reimbursement of legal costs incurred during the period. A contract modification would require the approval of the Office of Contractual Review because LSA R. S. 39:1484 (5) and (6) defines contracts to include all contract modifications and LSA R. S. 39:1502 requires the approval of that office. This condition occurred because the Board was unaware of its obligation regarding the above cited statute and regulations. As a result, \$8,534 of expenditures were incurred without proper approvals. The Board should ensure that all future contract modifications are properly approved as required by Louisiana statute and regulations. Furthermore, the Board should monitor expenditures incurred under contracts to ensure that payments do not exceed the terms of the contract.

Investments

On July 1, 1997, the Board invested \$65,704 in a time certificate deposit at Crescent Bank and Trust which matures on October 1, 1998. LSA R.S. 40:327 (10) states that time certificates of deposit shall mature not more than twelve months after the date of their purchase. This condition occurred because the Board was not aware of the above cited statute.

We considered these instances of noncompliance in forming our opinion on whether the financial statements of the Louisiana State Board of Engineers and General Directors are prepared fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 12, 1997, on those financial statements.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



September 12, 1997

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MEMBER OF THE AICPA

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

Louisiana State Board of Embalmers and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Natchitoches, Louisiana

We have audited the financial statements of the Louisiana State Board of Embalmers and Funeral Directors (the Board), a component unit of the State of Louisiana, as of June 30, 1997 and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated September 12, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana State Board of Embalmers and Funeral Directors 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 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 our audit of the financial statements of the Louisiana State Board of Examiners and Fiscal Directors for the years ended June 30, 1993 and 1994, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



September 12, 1997