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LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1968 AND 1967
AND
INDEPENDENT AUDITORS REPORT

DERBES & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

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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 State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-13-2008

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1998 AND 1997

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DERBES & COMPANY

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1 - PROFESSIONAL
ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of Nursing
Department of Health and Hospitals
Metairie, Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Nursing (the Board), a component unit of the State of Louisiana, as of June 30, 1998 and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Nursing. 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, the standards applicable to financial audits contained in 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 statements 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 Nursing, and are not intended to present fairly the financial position of the State of Louisiana and the results of its operations and cash flows of its proprietary fund types and nonresponsible trust funds in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 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 and contracts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Nursing of the State of Louisiana as of June 30, 1998, and the results of its operations for the years ended June 30, 1998 and 1997 in conformity with generally accepted accounting principles.

D. Miller Thompson

August 31, 1998
Metairie, Louisiana

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
BALANCE SHEET -
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	Developmental Fund Type		Account Groups		Total (Miscellaneous) (000)
	General Fund	Special Fund	General Fund Asset	Long-Term Obligational	
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$1,120,831	-	\$ -	\$ -	\$1,120,831
Other assets	173	-	-	-	173
Fund assets	-	423,373	423,373	-	423,373
Amount to be provided for retirement of general long-term obligations	-	-	-	83,336	83,336
Total Assets	\$1,121,004	\$423,373	\$423,373	\$83,336	\$1,629,992
LIABILITIES AND FUND EQUITY					
Accounts payable and accrued expenses	\$ 71,384	-	\$ -	\$ -	\$ 71,384
Accumulated annual leave	-	-	-	83,336	83,336
Total Liabilities	71,384	-	-	83,336	154,720
FUND EQUITY					
Investment in general fund assets	-	423,373	423,373	-	423,373
Fund balance - unreserved and undesignated	1,049,620	-	-	-	1,049,620
Total Fund Equity	1,049,620	423,373	423,373	-	1,473,013
Total Liabilities and Fund Equity	\$1,121,004	\$423,373	\$423,373	\$83,336	\$1,629,992

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF NURSING
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, 1998 AND 1997

	<u>General Fund</u>	
	<u>1998</u>	<u>1997</u>
Revenues:		
Licenses, permits and fees	\$1,404,543	\$1,324,289
Use of money and property - interest earnings	51,331	58,287
Other revenues	<u>1,381</u>	<u>1,599</u>
Total Revenues	<u>1,457,255</u>	<u>1,384,175</u>
Expenditures:		
General government:		
Personal services and related benefits	893,584	820,163
Professional services	204,473	164,775
Operating services	232,189	323,321
Materials and supplies	36,512	30,087
Travel and other charges	79,266	90,198
Capital outlay	<u>39,955</u>	<u>30,554</u>
Total Expenditures	<u>1,325,979</u>	<u>1,498,798</u>
Excess (Deficiency) of Revenues over Expenditures	(118,604)	(80,758)
Fund Balance - beginning of year	<u>1,168,646</u>	<u>1,250,254</u>
Fund Balance - end of year	\$1,049,042	\$1,168,646

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF NURSING
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, 1998

	General Fund			
	Budget	Actual		Variance- Favorable (Unfavorable)
REVENUES:				
License, permits and fees	\$1,213,315	\$1,404,540		\$ 191,225
Interest earned	80,000	53,251		(26,749)
Other revenues	200	1,351		1,151
Total Revenues	<u>1,493,515</u>	<u>1,459,142</u>		<u>(\$34,373)</u>
EXPENDITURES:				
Personal services and benefits	1,055,856	893,394		162,462
Professional services	198,000	204,473		(6,473)
Operating services	345,700	312,186		33,514
Materials and supplies	51,000	78,512		(27,512)
Toward and other charges	100,500	79,256		21,244
Capital outlay	80,000	28,552		51,448
Total Expenditures	<u>1,810,556</u>	<u>1,526,373</u>		<u>284,183</u>
Excess (Deficiency) of Revenues Over Expenditures	(317,041)	(106,854)		210,187
Fund Balance - July 1, 1997	<u>1,168,445</u>	<u>1,168,445</u>		<u>0</u>
Fund Balance - June 30, 1998	<u>\$ 861,404</u>	<u>\$1,061,591</u>		<u>\$190,187</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

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

FOR THE YEAR ENDED JUNE 30, 1997

	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Licenses, permits and fees	\$1,268,649	\$1,234,269	\$ 34,380
Interest earned	60,000	98,287	(1,711)
Other revenues	200	1,284	1,084
Total Revenues	1,328,849	1,334,540	5,691
EXPENDITURES			
Personnel services and benefits	918,260	920,180	96,189
Professional services	176,000	164,715	11,285
Operating services	293,500	323,241	30,739
Materials and supplies	28,000	30,087	19,911
Travel and other charges	123,500	90,298	40,185
Capital outlay	68,000	29,224	38,776
Total Expenditures	1,683,260	1,498,225	185,035
Excess (Deficiency) of Revenues Over Expenditures	(354,411)	(163,744)	190,667
Fund Balance - July 1, 1996	1,232,204	1,292,268	60,064
Fund Balance - June 30, 1997	\$ 877,793	\$ 1,128,524	\$ 250,769

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Nursing (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals as provided by Louisiana Revised Statute (LSA-R.S.) 37:911. The Board is currently composed of nine registered nurses and two physician's (who serve as ex officio members of the Board who serve only as advisors and have no voting privileges) who are appointed by and serve at the pleasure of the Governor for terms of four years. The Board is charged with the responsibility of licensing and regulating registered nurses in the State. Operations of the Board are funded through self-generated revenues. At June 30, 1998 approximately 40,258 registered nurses were licensed. Act 633 of the 1995 Legislative session amended the nurse practice act to require licensure of Advanced Practice Registered Nurses (APRN's). Louisiana fees to offset the cost of APRN licensure for registered nurses who are also APRNs were instituted in the 1995-1996 fiscal year.

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. In June 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 Nursing 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 to be 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 Nursing, 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 NURSING
 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 Nursing 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 three 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 Fund Assets and General Long-Term Obligations

Fixed assets used in the governmental fund type operations (general fund assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fund 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 Obligation Account Group, not in the governmental funds. The only long-term obligation of the Board is for 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 NURSING
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

License fees, as well as other revenues, are reported when received. Licenses must be renewed annually by December 31 and are considered delinquent 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 LSA-RLS, 36:100. The budget for the fiscal year ended June 30, 1997 was adopted on November 13, 1995 and amended on November 28, 1996. The budget for the fiscal year ended June 30, 1998 was adopted on November 20, 1996 and amended twice on September 4, 1997 and November 19, 1997. 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 to fund expenditures of the succeeding year. Formal budget integration is employed as a management control device during the year.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

Substantial budget variances for the years ended June 30, 1998 and 1997 are explained as follows:

Title	Variance- Favorable (Unfavorable)	Comments
June 30, 1998:		
Personal services & benefits	\$132,250	Certain staff positions budgeted to be filled during the fiscal year were not filled and the associated budgeted expenditures such as payroll taxes, retirement and group insurance were not incurred.
Professional services	53,327	Amounts budgeted for certain professional services such as private investigation, task force, education and court reporter were not fully utilized during the fiscal year.
Materials and supplies	24,488	Budgeted software upgrades were not purchased, and the budgeted supplies associated with unfilled staff positions were not needed.
Travel and other charges	31,364	The Board cut back on travel expenditures when the budget was revised in order to meet budgeted amounts in other budget categories.
Capital outlay	20,045	Amounts budgeted for equipment, such as a copier, printers and a new optical read machine to replace Scantron were not purchased.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

2 - BUDGET PRACTICES (Continued)

June 30, 1997:

Materials and supplies	\$79,913	Budgeted software upgrades were not purchased during the fiscal year.
Travel and other charges	43,100	Board members were not appointed for the entire year which caused a dramatic decrease in travel charges.
Capital outlay	28,446	Upgrades of printers and the copier were budgeted but were not purchased during the fiscal year.

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 Interim 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.

At June 30, 1998, the carrying amount of the Board's deposits was \$1,120,791 and the bank balance was \$1,148,100. Of the bank balance, \$100,000 was covered by federal depository insurance and \$1,048,100 was covered by collateral held by the Nashville branch of the Federal Reserve Bank in the Board's name.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS (Continued)

Certificates of deposit at June 30, 1998 consist of the following:

Depositor	Date of Origination	Maturity	Interest Rate	Amount	Accrued Interest
FNHC	05/05/98	08/05/98	5.25%	\$124,480	\$1,226
FNHC	05/11/98	07/10/98	5.25%	250,000	1,837
FNHC	05/15/98	08/13/98	5.25%	200,000	1,777
FNHC	06/15/98	09/14/98	5.25%	300,000	681
Totals				\$904,480	\$5,521

Certificates of deposit are collateralized by securities pledged by FNHC in the Board's name.

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$1,120,851 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.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS (Continued)

The deposits at June 30, 1998 were secured as follows:

	Cash	Certificates of Deposit	Total
Carrying Amount on Balance Sheet	\$211,351	\$995,599	\$1,206,951
Bank Balances:			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$243,619	\$904,480	\$1,148,109
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	\$243,619	\$904,480	\$1,148,109

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4 - VACATION AND SICK LEAVE

The Louisiana State Board of Nursing 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 180 hours.

At June 30, 1998, employees of the Board had accumulated and vested \$85,336 of employee leave benefits, which was computed in accordance with GASB Codification Section 630. Of this amount, \$-0- is recorded as an obligation of the General Fund and \$85,336 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 180 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

5 - TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is prepared 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 Nursing consists of only one fund, no memorandum needs are presented on the Statement of Revenues, Expenditures and Changes in Fund Balance or the Statement of Revenues, Expenditures and Fund Balance - Budget (GAAP Basis) and Actual.

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

6 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follows:

Balance, June 30, 1996	\$141,864
Additions	39,534
Dispositions	<u>0</u>
Balance, June 30, 1997	181,398
Additions	39,920
Dispositions	<u>0</u>
Balance, June 30, 1998	\$221,318

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

7 - EMPLOYEE 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 (PSERS). 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, the Board contributed an additional 13.0% and 12.4% of covered payroll for the years ended June 30, 1998 and 1997, respectively. Contributions to the System were funded through employee and employer contributions of \$31,519 and \$99,258, respectively, for the year ended June 30, 1998. Contributions to the System were funded through employee and employer contributions of \$44,060 and \$75,721, respectively, for the year ended June 30, 1997. The Board contributed \$90,258, \$73,721 and \$60,780 to the System for the years ended June 30, 1998, 1997 and 1996, respectively, which represented 100% of the required contribution for each year. The total payroll of the agency was \$242,428 and its payroll covered by the System was \$887,193 for the year ended June 30, 1998. The total payroll of the agency was \$890,434 and its payroll covered by the System was \$887,469 for the year ended June 30, 1997. Under present statutes, the Board does not guarantee any of the benefits granted by the System.

LOUISIANA STATE BOARD OF NURSING
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 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$200 plus 2.5 per cent of their highest consecutive 36-month 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 1998 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 the Board 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 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, 1998 and 1997 the costs of retiree benefits totaled \$7,677 and \$7,351, respectively.

9 - LEASE

The Board occupies leased premises at 2510 N. Causeway Blvd., Suite 501, Metairie, Louisiana on a seven-year operating lease which expires June 13, 2003. The lease requires monthly rental payments of \$8,000. All taxes, utilities and building maintenance are paid by the lessee. Rent expense for the years ended June 30, 1998 and 1997 was \$90,104 and \$98,693, respectively.

LOUISIANA STATE BOARD OF NURSING
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)

9 - LEASE (Continued)

Future annual minimum lease payments for the next five years and in the aggregate are as follows:

Year	Amount
1999	\$ 90,000
2000	90,000
2001	90,000
2002	90,000
2003	90,000
	<u>51,467</u>
	\$475,467

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, 1998:

Accumulated annual leave at June 30, 1996	\$46,868
Additions	18,982
Reductions	<u>-8</u>
Accumulated annual leave at June 30, 1997	65,842
Additions	28,243
Reductions	<u>(68,737)</u>
Accumulated annual leave at June 30, 1998	\$25,348

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

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

11 - LITIGATION AND CLAIMS

At June 30, 1998, the Board was involved in two suits which are being handled by Board counsel. Management believes that the suits have little merit and any claim would be covered by insurance as provided by coverages self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1998 and 1997, legal fees of \$113,832 and \$182,720, respectively, were incurred and recorded as a current year expenditure in the general fund.

12 - DEFERRED COMPENSATION PLAN

Certain employees of the Board 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.

13 - COMMITMENTS AND CONTINGENCIES

As referred to in Note 1, the Board is composed of nine members who are appointed by and serve at the pleasure of the Governor. Due to the enactment of Act 30 of the 1995 Legislative Session, the nine members were appointed or reappointed to the Board in August, 1995. The Louisiana Constitution set forth all (re)appointments must be confirmed by the Senate prior to the close of the regular legislative session. One member was confirmed. LSA-R.S. 54:14 G. reads, "The appointment of any appointee who is not confirmed by the Senate or who is not submitted to the Senate for confirmation during the regular session shall expire at the end of the regular session and a vacancy shall be immediately created for that position. The appointee shall not be appointed to the same office during any recess of the legislature". Therefore, eight (8) vacancies occurred effective June 12, 1996. These vacancies were filled during the fiscal year ended June 30, 1997.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana State Board of Nursing. 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 respects when considered in conjunction with the basic financial statements taken as a whole.



August 31, 1968
Metairie, Louisiana

LOUISIANA STATE BOARD OF NURSING
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

SCHEDULE OF COMPENSATIONS OF BOARD MEMBERS

FOR THE YEARS ENDED JUNE 30, 1968 AND 1967

	Members Absent		Compensation	
	June 30, 1968	June 30, 1967	June 30, 1968	June 30, 1967
Berry Jr. Aguilard, M.S.N., R.N.	15	25	\$ 1,125	\$ 1,875
Derry Boagrosio, M.S.N., R.N.	5	-0-	375	-0-
Kathleen Cooney, M.N., C.N.S., R.N.	20	24	1,800	1,800
Oswald Perry, Ed D., C.R.N.A.	25	26	-0-	1,950
Deborah Ford, M.S.N., R.N.	7	-0-	325	-0-
Margaret Grouse, M.P.H., R.N.	29	18	1,425	1,425
Shary Haley, M.S.N., R.N.	22	28	1,650	2,025
Maunie Johnson, M.S.M., R.N.	4	25	800	1,875
Phyllis McClambert, M.S.N., C.N.P., R.N.	35	29	2,400	2,250
Onice Motok, Dr. Ph., R.N.	20	-0-	1,500	-0-
Evonia Slaughter, Dr. Ph., R.N.	22	18	1,650	1,250
Elb Seshum, M.D.	11	11	825	825
Teresa J. Van Zile, M.S.N., R.N.	23	22	1,325	1,425
	214	222	\$13,850	\$12,855

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 24 of the 1973 Session of the Louisiana Legislature. Board members were paid \$75 for each board meeting they attended during the years ended June 30, 1968 and 1967 in accordance with LSA-R.S. 37:914.

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ACCOUNTING CORPORATION

**INDEPENDENT AUDITOR'S 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 State Board of Nursing
Department of Health and Hospitals
Metairie, Louisiana

We have audited the financial statements of the Louisiana State Board of Nursing (the Board), a component unit of the State of Louisiana, as of June 30, 1998 and for the years ended June 30, 1998 and 1997, and have issued our report thereon, dated August 21, 1998. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Louisiana State Board of Nursing are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material 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 Louisiana State Board of Nursing'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. 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 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.

However, we noted certain matters involving the internal control structure over financial reporting that we have reported to management of the Board in a separate letter dated August 21, 1998.

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.



August 11, 1998
Mitche, Louisiana

DERBES & COMPANY

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ALBERT J. DERBES, III, C.P.A.
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* A SEER FIRM
ACCOUNTING CORPORATION

August 21, 1998

Louisiana State Board of Nursing
Department of Health and Hospitals
Metairie, Louisiana

In planning and performing our audit of the financial statements of the Louisiana State Board of Nursing (the Board), a component unit of the State of Louisiana, as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we considered the Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Additionally, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls, compliance with laws, regulations and contracts, and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Board's internal control structure and compliance with laws, regulations and contracts in our report dated August 21, 1998. This letter does not affect our report dated August 21, 1998, on the financial statements of the Louisiana State Board of Nursing, a component unit of the State of Louisiana.

We have already discussed these comments and suggestions with various Board personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,



DERBES & COMPANY, CPAs, L.L.C.

LOUISIANA STATE BOARD OF NURSING
JUNE 30, 1998

The results of our test work disclosed the following areas for which opportunities for strengthening internal controls and operating efficiency exist:

1. **Comment:**

Due to late payment of required payroll tax deposits, penalties and interest of \$3,642.55 were assessed and paid by the Board during the two years ended June 30, 1998. Penalties and interest should not be incurred by the Board as operating expenditures.

Recommendation:

We recommend that Board personnel keep current on federal and state payroll tax deposit requirements and follow these requirements consistently.

Management Response:

Late penalties and interest were assessed against the Board due to the new payroll tax deposit regulations issued in 1996. The Internal Revenue Service assigned the Board a payrolled number after the effective date to begin making deposits by telephone. The Board made deposits at the bank, for which it was assessed penalties and interest. This procedure has since been corrected and all deposits are being made by telephone.

2. **Comment:**

Certain invoices for legal fees and office supplies were paid for twice, and credit for the return of office equipment was not taken on a subsequent payment to the vendor. Also, it was noted that certain disbursements were made to vendors from vendor statements without original invoice documentation.

Recommendation:

We recommend that payment be made only from original invoices, which should be marked paid upon disbursement to avoid duplicate payment. Payments should only be made from vendor statements when the vendor can provide invoice documentation, and only after Board personnel have determined that the invoice has not been previously paid. Follow-up on all credits due to the Board should be done on a timely basis to ensure that all amounts due to the Board are collected.

Management Response

The Board has contacted the vendor for refund of the credit owed. Invoices for office supplies from a previous vendor were not consistently forwarded to the accounting department. The Board is now using a vendor for office supplies which provides the Board with detailed monthly statements to which accounting can match invoices prior to payment. All invoices are marked with accounts payable voucher numbers and stamped "paid" immediately after the checks are processed.

3. Comment

While it appears that all fixed asset acquisitions were properly tagged and reported to the Louisiana Property Assistance Agency, disbursements for certain office equipment were not coded to the Equipment Acquisition account.

Recommendation

We recommend that the property manager and the accountant should routinely agree records to ensure that financial information properly reflects property reports.

Management Response

Property additions will be reconciled with the accounting records quarterly, and any discrepancies between the master listing and the general ledger will be investigated immediately.

4. Comment

Although it appears that annual and sick leave time earned and taken was accurately posted to individual employees' Annual and Sick Leave Reports, certain reports did not mathematically foot.

Recommendation

We recommend that employees be provided with their individual reports on a routine basis and verify that correct amounts have been posted, and that the employee sign the report annually to evidence agreement with the amounts calculated.

Management Response

Previously, the Board utilized manual time sheets for payroll which frequently contained mathematical errors. Beginning in the fiscal year ending June 30, 1999, the Board uses a timesheet to record time worked. Each pay period, every employee receives a copy of his/her annual/sick/compensatory time report. Any discrepancies noted are corrected, and a new master sheet is printed for the employee. The annual/sick/compensatory time report is now computerized which avoids mathematical errors.

3. Comment

Due to the change in paying Board member per diem through the payroll system, it appears that certain Board members were paid twice for the same Board function. Documentation of which dates for which per diem was being paid was not maintained with the payroll records.

Recommendation

We recommend that each payroll contain documentation of the date for which per diem is being paid, including a copy of the approved travel voucher, noting the date and check number.

Management Response

Board staff is currently keeping a spreadsheet which lists each Board member and meetings attended. When a travel voucher or per diem is paid, it is marked "paid" on the spreadsheet. If a Board member requests payment for a Board meeting for which the spreadsheet is marked "paid", the voucher is held from payment until the Board member is contacted and the discrepancy is resolved.