

OFFICIAL
FILE COPY
DO NOT SEND OUT
When necessary
copy from this
copy and place
BACK IN FILE

OFFICE OF THE
SECRETARY OF STATE

48 302296
3463
24

LOUISIANA STATE BOARD OF DENTISTRY
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.

8087 NICOLAUS BLVD.
POST OFFICE BOX 8178
METairie, LOUISIANA 70002-8178
TELEPHONE (504) 887-2200

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

Report Date OCT 6 7 1968

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

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-3
Financial Statements:	
Balance Sheet	3
Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended June 30, 1998 and 1997	4
Statement of Revenues, Expenditures and Changes in Fund Balance, Budget (GAAP Basis) and Actual for the Year Ended June 30, 1998	5
Statement of Revenues, Expenditures and Changes in Fund Balance, Budget (GAAP Basis) and Actual for the Year Ended June 30, 1997	8
Notes to Financial Statements	7-15
Independent Auditor's Report on Supplementary Data	16
Schedule of Compensation of Board Members	17
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	18-19

DERBES & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

800 WOODLAWN DRIVE
SUITE 2000, SUITE 200
METairie, LOUISIANA 70001
TELEPHONE: 833-888-8888
TELEFAX: 833-888-0011

ALBERT J. DERBES, III, CPA
ALICE J. STEWART, CPA
• A PROFESSIONAL
ASSOCIATION MEMBER

INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of Dentistry
Department of Health and Hospitals
New Orleans, Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Dentistry (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 Dentistry. 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. These 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 Dentistry, 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 September 14, 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 Dentistry 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.



September 10, 1998
Monroe, Louisiana

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

	Governmental Fund Type		Account Group		Total (Memberships Debt)
	General Fund	Special Fund	General Fund Assets	Long-Term Obligations	
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$741,999	-	\$ 0	\$ 0	\$741,999
Prepaid expenses	341	-	0	0	341
Fund assets	0	78,131	78,131	0	78,131
Amount to be provided for retirement of general long-term obligations	0	0	0	18,451	18,451
Total Assets	\$742,340	\$78,131	\$78,131	\$18,451	\$836,952
LIABILITIES AND FUND EQUITY					
Accounts payable and accrued expenses	\$ 12,889	-	\$ 0	\$ 0	\$ 12,889
Accumulated annual leave	0	0	0	18,451	18,451
Total Liabilities	\$12,889	0	0	\$18,451	\$31,340
FUND EQUITY					
Investment in general fund assets	0	78,131	78,131	0	78,131
Fund balance - unreserved and undesignated	209,051	0	0	0	209,051
Total Fund Equity	209,051	78,131	78,131	0	285,282
Total Liabilities and Fund Equity	\$221,940	\$78,131	\$78,131	\$18,451	\$386,652

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF DENTISTRY
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	1793,983	851,295
Enforcement actions	73,807	134,894
Sales of goods and services	18,345	12,369
Use of money and property - interest earnings	23,393	17,224
Other revenues	<u>246</u>	<u>2,432</u>
Total Revenues	<u>2031,476</u>	<u>1028,218</u>
Expenditures:		
General government:		
Personal services and related benefits	260,673	226,441
Professional services	270,731	180,389
Operating services	318,489	609,631
Materials and supplies	9,799	10,071
Travel and other charges	67,020	57,865
Capital outlay	<u>-0-</u>	<u>2,532</u>
Total Expenditures	<u>1326,612</u>	<u>1086,938</u>
Excess of Revenues over Expenditures	694,864	110,458
Fund Balance - beginning of year	<u>483,187</u>	<u>372,728</u>
Fund Balance - end of year	<u>\$1183,051</u>	<u>\$483,187</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF DENTISTRY
 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

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Licenses, permits and fees	\$778,800	\$785,900	\$13,900
Endowment actions	135,000	73,807	(61,193)
Sales of goods and services	12,000	16,743	4,743
Interest earned	27,000	27,200	200
Other revenues	3,000	586	(2,414)
Total Revenues	<u>\$955,800</u>	<u>\$904,436</u>	<u>(51,364)</u>
EXPENDITURES:			
Personal services and benefits	261,200	268,673	1,777
Professional services	213,200	228,351	(7,251)
Operating services	118,000	118,499	391
Materials and supplies	14,000	8,759	4,241
Travel and other charges	69,000	63,000	(7,000)
Capital outlay	3,000	—	3,000
Total Expenditures	<u>\$687,400</u>	<u>\$696,682</u>	<u>(9,282)</u>
Excess of Revenues Over Expenditures	\$268,400	\$207,754	(60,646)
Fund Balance - July 1, 1997	\$83,182	\$83,182	—
Fund Balance - June 30, 1998	<u>\$248,602</u>	<u>\$170,336</u>	<u>\$78,266</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF DENTISTRY
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

	<u>General Fund</u>		Variance- Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
REVENUES:			
Licenses, permits and fees	\$478,978	\$511,299	\$ 34,795
Business activities	123,808	134,024	9,024
Sales of goods and services	3,808	52,968	72,969
Interest earned	18,000	17,224	(776)
Other revenues	<u>3,828</u>	<u>2,452</u>	<u>(1,548)</u>
Total Revenues	<u>627,622</u>	<u>697,974</u>	<u>68,878</u>
EXPENDITURES:			
Personnel services and benefits	273,200	226,447	46,059
Professional services	213,808	180,289	32,611
Operating services	140,275	169,633	31,954
Materials and supplies	-	30,077	(30,077)
Travel and other charges	44,800	37,809	17,899
Capital outlay	<u>6,829</u>	<u>2,278</u>	<u>4,551</u>
Total Expenditures	<u>680,722</u>	<u>595,513</u>	<u>208,899</u>
Excess of Revenues Over Expenditures	<u>190,224</u>	<u>132,438</u>	<u>179,683</u>
Fund Balance - July 1, 1996	<u>273,732</u>	<u>322,729</u>	<u>49,561</u>
Fund Balance - June 30, 1997	<u>\$112,596</u>	<u>\$483,187</u>	<u>\$370,592</u>

The accompanying notes are an integral part of this statement.

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

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Dentistry (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.) 37:751-755. The Board is currently composed of fourteen members, of whom thirteen members are dentists and one member is a dental hygienist, who are appointed by and serve at the pleasure of the Governor for terms of five years. One dentist is appointed from each of the nine Board districts, except that two dentists are appointed from District Five and designated as representatives A and B, and three dentists and the dental hygienist are appointed at large. The Board is charged with the responsibility of licensing and regulating dentists and dental hygienists in the State. Operations of the Board are funded through self-generated revenues. At June 30, 1998 approximately 2,000 dentists and 1,600 dental hygienists were licensed. The office of the Board is located in the New Orleans business district. The Board has three full-time employees.

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 Dentistry 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 Dentistry, 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 DENTISTRY
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 Dentistry 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 these 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 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 DENTISTRY
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 January 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-R.S. 35:803. The budget for the fiscal year ended June 30, 1997 was adopted on August 16, 1995 and amended on August 17, 1996. The budget for the fiscal year ended June 30, 1998 was adopted on August 17, 1996 and amended on August 16, 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 DENTISTRY
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:		
Enforcement actions	\$(51,193)	Management assumed that revenues generated from enforcement actions would approximate amounts generated in the prior year.
June 30, 1997:		
Licenses, permits and fees	54,795	Clinical licensing examination fees were raised over 200% in an effort to break even on the costs of administering the exams after the budget was adopted.
Personal services and benefits	48,659	Due to a clerical error, the amount inserted for regular salaries in the "Prior Year Actual" column was \$90,000 greater than actual, and management used that figure to budget the current year regular salaries.
Professional services	12,811	The amount budgeted for legal fees was based on prior year legal fees incurred, which were approximately \$10,000 less than budgeted.
Operating services	53,594	Postage and miscellaneous expenses were significantly less than budgeted.
Materials and supplies	(10,071)	Amounts budgeted for materials and supplies were included in budgeted operating services amounts.

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

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

1 - 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 \$741,499 and the bank balance was \$763,813. Of the bank balance, \$100,000 was covered by federal depository insurance and \$663,813 was covered by collateral held by the Natchitoches branch of the Federal Reserve Bank in the Board's name.

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$741,500 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 sub-custody receipts held by the state treasurer. The deposits at June 30, 1998 were secured as follows:

	<u>Cash</u>
Carrying Amount on Balance Sheet	\$741,499
Bank Balance:	
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$763,813
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-0-
3. Uncollateralized, including any securities held for the entity but not in the entity's name	_____0-
TOTAL Bank Balance	\$763,813

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

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

4- VACATION AND SICK LEAVE

The Louisiana State Board of Dentistry 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-five 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 160 hours.

At June 30, 1998, employees of the Board had accumulated and vested \$18,451 of employee leave benefits, which was accounted in accordance with GASB Codification Section 008. Of this amount, \$-0- is recorded as an obligation of the General Fund and \$18,451 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 160 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 Dentistry consists of only one Fund, no memorandum totals are presented on the Statement of Revenues, Expenditures and Changes in Fund Balance or the Statements of Revenues, Expenditures and Fund Balance - Budget (GAAP Basis) and Actual.

LOUISIANA STATE BOARD OF DENTISTRY
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 follow:

Balance, June 30, 1996	\$83,278
Additions	2,578
Dispositions	-----0-
Balance, June 30, 1997	85,857
Additions	-----0-
Dispositions	(19,726)
Balance, June 30, 1998	\$78,131

In accordance with LSA R.S. 39:521-332, the Board has complied with the Louisiana movable property statute.

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 (PERS). 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 7.3% 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 \$11,917 and \$19,987, respectively, for the year ended June 30, 1998. Contributions to the System were funded through employee and employer contributions of \$18,449 and \$17,343, respectively, for the year ended June 30, 1997. The Board contributed \$18,987, \$17,343 and \$17,116 to the System for the years ended June 30, 1998, 1997 and 1996, respectively, which represented 108% of the required contribution for each year. The total payroll of the agency was \$107,683 and its payroll covered by the System was \$146,899 for the year ended June 30, 1998. The total payroll of the agency was \$142,888 and its payroll covered by the System was \$139,323 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 DENTISTRY
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 \$380 plus 1.5 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 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.

9 - LEASE

The Board occupies leased premises at 1515 Poydras Street, Suite 1850, New Orleans, Louisiana on a five-year operating lease which expires September 30, 1998. The lease requires monthly rental payments of \$1,707. All taxes, utilities and building maintenance are paid by the lessee. Rent expense for the years ended June 30, 1998 and 1997 was \$22,322 and \$22,610, respectively.

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

June 30,

1999

\$5,121

LOUISIANA STATE BOARD OF DENTISTRY
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, 1998.

Accumulated annual leave at June 30, 1996	\$17,260
Additions	959
Reductions	____(251)
Accumulated annual leave at June 30, 1997	18,207
Additions	244
Reductions	____-0-
Accumulated annual leave at June 30, 1998	\$18,451

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.

11 - LITIGATION AND CLAIMS

At June 30, 1998, 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 coverages self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1998 and 1997, legal fees of \$138,890 and \$112,583, respectively, were incurred and recorded as a current year expenditure in the general fund.

12 - LICENSE RENEWAL FEES

During the fiscal year ended June 30, 1998, the Board began the practice of collecting license renewal fees for a two-year renewal period. Licensees whose last names begin with the letters A through L remitted renewal fees for two years, while licensees whose last names begin with the letters M through Z remitted renewal fees for one year. During the fiscal year ending June 30, 1998, licensees whose last names begin with the letters A through L will not remit any renewal fees, and licensees whose last names begin with the letters M through Z will remit renewal fees for two years.

DERBES & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

18

8001 WOODLAWN AVENUE
SUITE 2000
METairie, LOUISIANA 70001
TELEPHONE: 822-8770
TELECOPIER: 822-8774

MEMBER: J. DERBES, III, C.P.A.
MEMBER: J. PHILLIPS, C.P.A.
• A PROFESSIONAL
ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana State Board of Dentistry. 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.



September 10, 1998
Metairie, Louisiana

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

SCHEDULE OF COMPENSATION OF BOARD MEMBERS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

	Meetings Attended			Compensation
	June 30, 1998	June 30, 1997	June 30, 1998	
G. Jerome Alton, D.D.S.	28	10	\$ 4,125	\$ 3,475
Dora M. Auders, R.D.H.	11	12	1,975	900
Aubrey A. Burdick, Jr., D.D.S.	17	9	2,500	875
H. D. Blackburn, III, D.D.S.	20	20	2,925	1,900
Devin E. Duvall, D.D.S.	25	26	3,675	1,926
Francis T. Givens, D.D.S.	8	14	1,200	1,050
White S. Greys, III, D.D.S.	29	28	3,775	3,100
Frank W. Gracians, D.D.S.	12	23	1,725	1,375
David A. Hall, Jr., D.D.S.	26	26	2,925	1,200
Charley M. Luster, Jr., D.D.S.	29	34	4,275	1,850
Victor N. Liberto, D.D.S.	0	2	-0-	150
Ronald B. Marks, D.D.S.	20	16	2,925	1,200
Charles T. Mc Cabe, Jr., D.D.S.	11	12	1,925	800
Conrad P. Mirvis, Jr., D.D.S.	9	0	1,200	-0-
Michael J. Montalano, D.D.S.	41	28	6,375	2,200
Vance L. Wascors, D.D.S.	9	0	1,200	-0-
Charles L. Wise, D.D.S.	26	26	3,625	1,625
	212	267	266,425	82,625

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. Board members were paid \$1,925.00 for each board meeting they attended after August 14, 1997 and \$75.00 for each board meeting they attended for the period July 1, 1996 through August 14, 1997 in accordance with LSA-R.S. 27:195.

5015 SUITE 1400 DRIVE
POST OFFICE BOX 6734
METairie, LOUISIANA 70001
TELEPHONE: 824-5000-3300
TELESCOPE: 824-5000-44

MEMBER J. DERBES, III, C.P.A.
MEMBER J. POSENER, C.P.A.
* A PROFESSIONAL
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 Dentistry
Department of Health and Hospitals
New Orleans, Louisiana

We have audited the financial statements of the Louisiana State Board of Dentistry (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 September 10, 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 Dentistry 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.

Follow-up on Prior Audit Compliance Finding

In the Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards as of June 30, 1996 and for the years ended June 30, 1996 and 1995, it was reported that the Board had not complied with LSA R.S. 39:1316. It is our opinion that LSA R.S. 39:1316 does not apply to the Board, rather the Board must comply with LSA R.S. 39:1331-1342, Louisiana Licensing Agency Budget Act. We found that for the years ended June 30, 1998 and 1997, the Board had complied with budget requirements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Dentistry'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 September 10, 1998.

Follow-up on Prior Audit Material Weakness

In the Independent Auditor's Report on Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards as of June 30, 1996 and for the years ended June 30, 1996 and 1995, it was noted that, due to the inadequate segregation of duties, the Board had a material weakness in the internal control structure. It is our opinion that due to certain internal controls in place, including the signing of all checks and approval of all invoices by a Board member and the use of an outside accounting firm for quarterly compilations, the Board's internal control structure is adequate.

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 10, 1998
Metairie, Louisiana



DERBES & COMPANY

MEMBERS: PUBLIC ACCOUNTANTS, L.L.C.

8001 BRIDGE LANE DRIVE
POST OFFICE BOX 8170
MEMPHIS, TENNESSEE 38111
TELEPHONE: 901-526-8800
TELEFAX: 901-526-8114

CLARENCE A. DERBES, III, C.P.A.
FREDERICK J. FORBES, C.P.A.
* A PROFESSIONAL
ASSOCIATION ORGANIZATION

September 10, 1998

Louisiana State Board of Dentistry
Department of Health and Hospitals
New Orleans, Louisiana

In planning and performing our audit of the financial statements of the Louisiana State Board of Dentistry (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 over financial reporting 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 over financial reporting. 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 these matters. We previously reported on the Board's internal control over financial reporting and compliance with laws, regulations and contracts in our report dated September 10, 1998. This letter does not affect our report dated September 10, 1998, on the financial statements of the Louisiana State Board of Dentistry, 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 DENTISTRY
JUNE 30, 1968

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

1. **Comment**

Although the Board's document filing system is organized and innovative, due to the lack of an approved account clerk position, filing is performed haphazardly by various temporary personnel, causing inconsistent filing of documents. Also, certain invoices for expenditures relating to disciplinary actions may be filed either under the assigned vendor number or the assigned disciplinary action number.

Recommendation

We recommend that the Board request approval for a full-time account clerk position, and that original paid invoices be filed under the assigned vendor number and copies of invoices relating to disciplinary actions be filed under assigned disciplinary action numbers.

Management Response

We agree with the recommendation; however, every time the Board has asked Civil Service to upgrade our clerk position, they have refused to do so.

2. **Comment**

Due to the change in paying Board member per diem through the payroll service, Board member per diem amounts were posted to account #601, Salaries and Wages, rather than account #902, Board Member Per Diem.

Recommendation

We recommend that Board member per diem payments be treated as a separate "department" by the payroll service, and that the outside accounting firm be instructed to post the Board member per diem "department" to account #902.

Management Response

We agree with this recommendation, and wish to state that the Board did not have this problem until required to treat Board members' per diem payments as salaried amounts.

Follow-up on Prior Audit Management Letter Comments

- In the management letter issued in conjunction with the audit of the financial statements of the Louisiana State Board of Dentistry as of June 30, 1996 and for the years ended June 30, 1996 and 1995, it was recommended that the Board request a year-to-date detailed general ledger from the outside accounting firm. During our audit of the financial statements as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we obtained year-to-date detailed general ledgers for both years from the Board.
- In the management letter issued in conjunction with the audit of the financial statements for the years ended June 30, 1996 and 1995, it was found that files lacked documentation for certain meals claimed and that a registration fee was paid for a Board member's wife. During our audit of the financial statements as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we found documentation for all disbursements noted and that a subsequent travel reimbursement to the Board member contained a deduction for the Board member's wife's registration fee.
- In the management letter issued in conjunction with the audit of the financial statements for the years ended June 30, 1996 and 1995, it was found that the Board was not providing program goals and objectives as part of its budget. During our audit of the financial statements as of June 30, 1998 and for the years ended June 30, 1998 and 1997, we found that the Board had improved its reporting of measures of performance and was stating its specific goals and objectives within the submitted budget document.