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**LOUISIANA STATE BOARD OF  
EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA**

**General Purpose Financial Statements  
and Independent Auditor's Reports**

**As of and for the Years Ended June 30, 1999 and 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 06 1999

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
3500 N. CAUSEWAY BLVD, SUITE 1232 EXECUTIVE TOWERS  
METAIRIE, LOUISIANA 70002  
(504) 838-5109**

**GOVERNING BOARD**

**Louis Charbonnet, III - President  
Cheryl T. Morgan - Vice President  
Louis A. Muhleisen, Jr. - Secretary  
Royal J. David - Treasurer  
Dr. George L. Thomas  
Foster Gullory, Jr.  
Joseph H. Miller, Jr.**

**Dawn P. Scardino, Executive Director**

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OFFICERS ASSOCIATION

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Board Members of  
Louisiana State Board of Embalmers and Funeral Directors  
State of Louisiana  
Baton Rouge, Louisiana

I have audited the accompanying general purpose financial statements of the LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS, a component unit of the State of Louisiana, as of and for the years ended June 30, 1999 and 1998, as listed in the Table of Contents. These financial statements are the responsibility of management of the Louisiana State Board of Embalmers and Funeral Directors. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the accompanying general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Embalmers and Funeral Directors as of June 30, 1999 and 1998, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 23, 1999, on my consideration of the Louisiana State Board of Embalmers and Funeral Directors's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, and contracts.

*George F. Delaune, CPA*

September 23, 1999

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
JUNE 30, 1999**

	<u>Governmental Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 176,194			\$ 176,194
Investments	150,000			150,000
Other assets	500			500
Fixed assets		\$ 57,169		57,169
Amount to be provided for retirement of general long-term obligations			\$11,824	11,824
<b>TOTAL ASSETS</b>	<u>\$ 326,694</u>	<u>\$ 57,169</u>	<u>\$ 11,824</u>	<u>\$ 395,687</u>
<b>LIABILITIES AND FUND EQUITY</b>				
<i>Liabilities:</i>				
Accrued payroll and benefits	\$ 6,260			\$ 6,260
Payroll deductions and withholdings	565			565
Other liabilities	560			560
Accrued compensated absences			\$ 11,824	11,824
Total Liabilities	<u>7,385</u>		<u>11,824</u>	<u>19,209</u>
<i>Fund Equity:</i>				
Investment in general fixed assets		\$ 57,169		57,169
Fund balances - Unreserved - undesignated	<u>319,309</u>			<u>319,309</u>
Total Fund Equity	<u>319,309</u>	<u>57,169</u>		<u>376,478</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 326,694</u>	<u>\$ 57,169</u>	<u>\$ 11,824</u>	<u>\$ 395,687</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1999

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Licenses, permits and fees	\$ 318,110	\$ 326,000	\$ 7,890
Interest earnings	12,500	12,941	441
Other revenues	3,600	5,214	1,614
Total Revenues	<u>334,210</u>	<u>344,155</u>	<u>9,945</u>
<i>Expenditures:</i>			
Current -			
Salaries and benefits	147,815	148,101	(286)
Travel	39,100	40,035	(935)
Operating services	33,933	32,697	1,236
Supplies	10,000	10,513	(513)
Professional services	48,250	34,118	14,132
Capital outlays	15,000	15,543	(543)
Total Expenditures	<u>294,098</u>	<u>281,007</u>	<u>13,091</u>
<i>Excess of Revenues (Expenditures)</i>	40,112	63,148	23,036
Fund Balance - July 1, 1998	<u>263,106</u>	<u>256,161</u>	<u>(6,945)</u>
<b>FUND BALANCE - June 30, 1999</b>	<u><u>\$ 303,218</u></u>	<u><u>\$ 319,309</u></u>	<u><u>\$ 16,091</u></u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
JUNE 30, 1998**

	Governmental Fund Type	Account Groups		Totals (Memorandum Only)
	General	General Fixed Assets	General Long-Term Obligations	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 163,680			\$ 163,680
Investments	100,000			100,000
Other assets	500			500
Fixed assets		\$ 53,101		53,101
Amount to be provided for retirement of general long-term obligations			\$ 11,650	11,650
<b>TOTAL ASSETS</b>	<b>\$ 264,180</b>	<b>\$ 53,101</b>	<b>\$ 11,650</b>	<b>\$ 328,931</b>
<b>LIABILITIES AND FUND EQUITY</b>				
<i>Liabilities:</i>				
Accounts payable	\$ 1,980			\$ 1,980
Accrued payroll and benefits	5,479			5,479
Other liabilities	560			560
Accrued compensated absences			\$ 11,650	11,650
Total Liabilities	8,019		11,650	19,669
<i>Fund Equity:</i>				
Investment in general fixed assets		\$ 53,101		53,101
Fund balances - Unreserved - undesignated	256,161			256,161
Total Fund Equity	256,161	53,101		309,262
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 264,180</b>	<b>\$ 53,101</b>	<b>\$ 11,650</b>	<b>\$ 328,931</b>

The accompanying notes are an integral part of this statement.



LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
GOVERNMENTAL FUND TYPE - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>			
Licenses, permits and fees	\$ 268,700	\$ 302,430	\$ 33,730
Interest earnings	5,000	13,395	8,395
Other revenues	6,000	3,209	(2,791)
Total Revenues	279,700	319,034	39,334
<i>Expenditures:</i>			
Current -			
Salaries and benefits	130,580	136,243	(5,663)
Travel	29,000	33,522	(4,522)
Operating services	39,701	32,507	7,194
Supplies	7,000	10,436	(3,436)
Professional services	47,653	53,046	(5,393)
Capital outlays	15,000	6,598	8,402
Total Expenditures	268,934	272,352	(3,418)
<i>Excess of Revenues (Expenditures)</i>	10,766	46,682	35,916
Fund Balance - July 1, 1997	158,750	209,479	50,729
<b>FUND BALANCE - June 30, 1998</b>	<b>\$ 169,516</b>	<b>\$ 256,161</b>	<b>\$ 86,645</b>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

**NOTE 1 - INTRODUCTION**

The Louisiana State Board of Embalmers and Funeral Directors was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:831-861. The Board is under the control of the Department of Health and Hospitals and a component unit of the State of Louisiana. The board is composed of seven (7) members appointed by the Governor of Louisiana, subject to Senate confirmation, who serve four (4) year terms. The Board shall include three licensed embalmers and three licensed funeral directors, all of whom shall have been residents of the state of Louisiana for at least five years and all of whom shall have had experience in their respective professions for at least five years. The Board shall also include one member who shall be sixty years of age or over and who shall serve as a representative of the elderly consumers of Louisiana. The elderly member shall not be actively engaged in nor shall he be retired from the occupation, profession, or industry of funeral directors or embalmers.

The Board is charged with the responsibility to license and regulate embalmers, funeral directors and funeral homes. The Board's operations are funded entirely through annual self-generated revenues from licenses and related charges to regulate the licenses. The Board's office is located in Metairie, Louisiana, and employs two administrative personnel and one investigator.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

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. The Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The Louisiana State Board of Embalmers and Funeral Directors prepares its financial statements in accordance with the standards established by the GASB.

*Reporting Entity*

GASB Codification Section 2100 and GASB Statement 14, "The Financial Reporting Entity," have defined the governmental reporting entity to be the State of Louisiana. The Louisiana State Board of Embalmers and Funeral Directors is considered a component unit of the State of Louisiana because

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

the state exercises oversight responsibility in that the governor appoints the board members, and public service is rendered within the state's boundaries. The accompanying general purpose financial statements present information only as to the transactions of the Louisiana State Board of Embalmers and Funeral Directors.

Annually the State of Louisiana issues a general purpose financial statement which includes the activity contained in the accompanying financial statement. The general purpose financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

*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 or expenses, as appropriate. Revenues are accounted for in these 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 accompanying financial statements are described as follows:

*General Fund*

The General Fund is the general operating fund of the Board and is classified as a governmental fund. It accounts for the Board's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

*Account Groups*

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations. 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 the governmental funds. Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

*Basis of Accounting*

Basis of accounting refers to when revenues and expenditures, or expenses as appropriate, 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 modified accrual basis of accounting is used by the General Fund. The General Fund uses the following practices in recording revenues and expenditures:

*Revenues*

Licenses and fees are recorded in the year these revenues are earned. Licenses must be renewed annually by December 31<sup>st</sup> and are automatically revoked after that date.

Interest income is recorded when received.

Substantially all other revenues are recorded when they become available.

*Expenditures*

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

*Budget Practices*

The Board prepares its budget on the modified accrual basis of accounting and all appropriations contained in the budget lapse at year end.

The proposed budgets are prepared by the executive director, adopted by the Board, and made available to the Department of Health and Hospitals in compliance with Louisiana Revised Statute 39:1331-1342. Budgeted amounts included in the accompanying financial statements include the original adopted budget for fiscal year ended June 30, 1998 and as amended for fiscal year ended June 30, 1999. Formal budget integration is not employed as a management control device during the year.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

Encumbrances

Encumbrance accounting is used when purchase orders are recorded in order to reserve that portion of the applicable appropriation. The Board does not follow the encumbrance method of accounting.

Cash, Cash Equivalents and Investments

Cash and cash equivalents includes cash, demand deposits, a money market account, and time certificates of deposit at year end. Under state law, the Board may deposit funds with a bank organized under Louisiana law or of any other state of the United States, or under the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Board may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures when purchased.

Fixed Assets

Fixed assets are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

Long-Term Obligations

Long-term obligations expected to be financed from governmental funds, including long-term debt and compensated absences for accumulated unpaid annual leave benefits of General Fund employees, are accounted for in the general long-term obligations account group, not in the governmental funds.

Fund Equity

The unreserved-undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Reservations and designations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures.

Total Column on Balance Sheet

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

**NOTE 3 - CASH, CASH EQUIVALENTS, and INVESTMENTS**

At June 30, 1999 and 1998, the Board has cash and cash equivalents (book balances) totaling \$176,194 and \$163,680, respectively, in cash, demand deposits, money market account, and short-term investments. Investments in time certificates of deposit with maturities in excess of 90 days at June 30, 1999 and 1998, amounts to \$150,000 and \$100,000, respectively.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These 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 EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

At June 30, 1999 and 1998, the Board has deposits (collected bank balances) and security from risk as follows:

	<u>06-30-99</u>	<u>06-30-98</u>
Cash and cash equivalents -		
Demand deposits	\$ 20,132	\$ 13,513
Money market account	28,909	100,063
Certificates of deposit - cash equivalent	141,724	66,724
Certificates of deposit - investment	<u>150,000</u>	<u>100,000</u>
Total	340,765	280,300
Secured by federal deposit insurance	<u>340,765</u>	<u>280,237</u>
Unsecured/Uncollateralized	<u>\$ 0</u>	<u>\$ 63</u>

**NOTE 4 - CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets composed of furniture and office equipment follows:

	<u>Furniture &amp; Equipment</u>	<u>Vehicles</u>	<u>Total</u>
Balance, July 1, 1997	\$ 35,027	\$ 11,476	\$ 46,503
Additions	6,598		6,598
Deletions			
Balance, June 30, 1998	<u>41,625</u>	<u>11,476</u>	<u>53,101</u>
Additions	1,486	14,058	15,544
Deletions		<u>(11,476)</u>	<u>(11,476)</u>
Balance, June 30, 1999	<u>\$ 43,111</u>	<u>\$ 14,058</u>	<u>\$ 57,169</u>

**NOTE 5 - LONG-TERM OBLIGATIONS**

Long-term obligations consist of compensated absences.

**LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group. The liability for unused annual leave at June 30, 1999 and 1998, computed in accordance with GASB Codification Section C60.105, is estimated to be \$11,824 and \$11,650, respectively. These amounts are recorded in the general long-term obligations account group.

**NOTE 6 - PENSION PLAN**

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

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 25% of their highest consecutive 36 month average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service. The System also provides death and disability benefits. Benefits are established by state statute. The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804-4213 or by calling (225) 922-0600.

In addition to the employee contribution withheld at 7.5% of gross salary, the Board contributes an additional percentage of gross salary to the System (13% from July 1, 1997 to June 30, 1998 and 12.4% from July 1, 1998 to June 30, 1999). Contributions to the System during fiscal years ended June 30, 1998 and 1999 were funded through employee and employer contributions of \$21,015 and \$21,683, respectively. The total payroll of the Board, fully covered by the system, was \$102,512 and \$108,957, respectively for the fiscal years ended June 30, 1998 and 1999, respectively. Under present statutes, the Board does not guarantee any of the benefits granted by the system.

**NOTE 7 - 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 those benefits as they reach normal



LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

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 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, 1999 and 1998, the costs of retiree benefits totaled \$3,565 and \$2,693, respectively.

**NOTE 8 - LEASES**

The Board's office occupies leased premises at 3500 N. Causeway Blvd., Suite 1232, Metairie, Louisiana under an operating lease for a period of 3 years, commencing March 1, 1998, and ending February 28, 2001. The lease requires monthly rental payments of \$1,962.94. All taxes, utilities and building maintenance are paid by the lessor. Rent expenditure for the fiscal years ended June 30, 1999 and 1998, was \$23,555 and \$21,627, respectively.

Future minimum lease payments under this lease are as follows:

Year Ending June 30,	Amount
2000	\$ 23,555
2001	15,704

Since the payment schedule is considered systematic and rational under GASB Statement No. 13, rental expenditure is based on the relevant lease agreement and not in accordance with lease terms as required by GASB Statement No. 13.

**NOTE 9 - LITIGATION AND CLAIMS**

There were no judgments, claims or similar contingencies pending against the Board at June 30, 1999 and 1998.

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
STATE OF LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998

**NOTE 10 - FEDERAL FINANCIAL ASSISTANCE**

The Board received no federal funds during the fiscal years ended June 30, 1999 and 1998.

**NOTE 11 - YEAR 2000 DISCLOSURE**

The Board is currently in the remediation stage, in that changes are being made to the existing system and/or change to a compliant system. The Board has committed \$1,500 to complete the Y2K conversion.

**NOTE 12 - COMPENSATION PAID TO BOARD MEMBERS**

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$100 for each day spent on board business, as authorized by Louisiana Revised Statute 37:838.

The amounts paid to Board members during the years are as follows:

<u>Board Member</u>	<u>6-30-98</u>	<u>6-30-99</u>
Louis Charbonnet, III	\$ 800	\$ 1,900
Cheryl T. Morgan	2,000	1,700
Louis A. Muhleisen, Jr.	3,600	3,700
Royal J. David	3,000	3,500
Dr. George L. Thomas	1,300	2,700
Foster Guillory, Jr.		1,900
Joseph H. Miller, Jr.	1,600	2,300
Billy C. Henry	1,500	
	<u>\$ 13,800</u>	<u>\$ 17,700</u>

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

# George F. Delaune

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members of  
Louisiana State Board of Embalmers and Funeral Directors  
State of Louisiana  
Metairie, Louisiana

I have audited the general purpose financial statements of the **LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**, a component unit of the State of Louisiana, as of and for the years ended June 30, 1999 and 1998, and have issued my report thereon dated September 23, 1999. I conducted my 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 Louisiana State Board of Embalmers and Funeral Directors' financial statements are free of material misstatement, I performed tests of its 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed four instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1, 99-2, 99-3, and 99-5.

### *Internal Control Over Financial Reporting*

In planning and performing my audit, I considered the Louisiana State Board of Embalmers and Funeral Directors's internal control over financial reporting to determine my auditing procedures

for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Louisiana State Board of Embalmers and Funeral Directors' ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-3, 99-4 and 99-5

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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described above is a material weakness.

This report is intended for the information and use of the Louisiana State Board of Embalmers and Funeral Directors and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

*George F. Delaune, CPA*

September 23, 1999

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
SCHEDULE OF FINDINGS  
YEARS ENDED JUNE 30, 1999 AND 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Louisiana State Board of Embalmers and Funeral Directors.
2. Five reportable conditions were disclosed during the audit of the general purpose financial statements.
3. Four instances of noncompliance which are considered nonmaterial to the general purpose financial statements of Louisiana State Board of Embalmers and Funeral Directors were disclosed during the audit.
4. There were no federal awards received by Louisiana State Board of Embalmers and Funeral Directors.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

*Noncompliance*

99-1 Fiscal Agent

*Condition:* The Executive Director could not produce a fiscal agent agreement.

*Criteria:* State law requires all agencies to negotiate a fiscal agent contract with a bank for the depository of funds.

*Effect:* Violation of state law.

*Cause:* The Executive Director was not aware of this requirement.

*Recommendation:* The Board should seek proposals from local banks in accordance with the Interim Emergency Board regulations.

*Response:* Management concurred with the recommendation and will seek proposals from local banks for the depository of agency funds.

## *Noncompliance*

### **99-2 Investment Policy**

*Condition:* The agency has not adopted an investment policy.

*Criteria:* Act No. 374 of the 1995 Regular Session of the Legislature required all agencies to adopt an investment policy to regulate the investment of idle funds.

*Effect:* Violation of state law.

*Cause:* The Executive Director was not aware of this requirement.

*Recommendation:* The Board should adopt an investment policy as required by state law.

*Response:* Management concurred with the recommendation and will adopt an investment policy that complies with Act No. 374.

## *Noncompliance and Internal Control*

### **99-3 Budget Monitoring**

*Condition:* The Board does not monitor the adopted budget against operations during the fiscal year.

*Criteria:* Louisiana Revised Statute 39:1338 requires the agency to adjust the budget when revenues or expenditures increase or decrease by 5% from the prior submitted budget.

*Effect:* Violation of state law.

*Cause:* The Executive Director was not aware of this requirement until I discussed it with her in May of 1999. Consequently, the fiscal year 1998-99 budget was amended.

*Recommendation:* The Board should monitor the budget every month comparing cumulative transactions against the annual budget.

*Response:* Management concurred with the recommendation and has instructed the contract accountant to present a budget to actual financial statement.

## *Internal Control*

### 99-4 Accounting System

*Condition:* During my initial meeting with the Executive Director, I found out that the employee in charge of accounting was ten months behind in posting transactions to a computerized software program that had not been updated in five years. Consequently, the software was not Y2K compliant. I was told that when the agency tried to update to latest version of the software, that the data could not be readily converted because of the version that was being used.

In order to give the outside accountant the transactions to compile financial statements on a quarterly basis, the Executive Director was maintaining a manual set of journals.

*Criteria:* Louisiana Revised Statutes requires that all agencies maintain accounting records adequate to provide evidence of legal compliance and the preparation of annual financial statements.

*Effect:* Violation of state law.

*Cause:* The agency did not consider upgrading its software and never received this recommendation from anyone.

*Recommendation:* The agency does not have a qualified accountant on staff; therefore, I recommend that the agency convert their accounting to QuickBooks Pro that is very easy to learn and is user friendly. QuickBooks Pro is a multi-user software that will enable the staff to:

- process invoices and print checks
- process payroll and print checks
- enter receipts and make deposits
- reconcile bank accounts
- print financial statements as well as budgetary statements
- print quarterly payroll tax returns and print W-2s
- print 1099 on vendors
- produce various custom reports by vendor, account, employee, etc.

Then the contract accountant can perform duties of a consultant and review the processed transactions on a quarterly basis and give accounting and administrative advice to the staff and Board.



*Response:* Management concurred with the recommendation and will consider switching to QuickBooks Pro instead of updating its present software.

### *Noncompliance and Internal Control*

#### 99-5 Professional Service Contract

*Condition:* In the prior audit, the auditors reported a compliance violation because the Board did not amend its contract for legal services stated at \$25,000 and incurred \$8,334 of expenditures without proper approval. In December 1997, the Board amended the contract to \$42,000 for the period April 1, 1997 to March 31, 1998 as a means to correct this problem. The contract was renewed for the period April 1, 1998 to March 31, 1999 at the same maximum of \$42,000. During this new period, the Board incurred \$45,313 in legal fees; consequently, \$3,313 in legal fees were incurred without proper approval.

*Criteria:* Louisiana Revised Statute 39:1484 (5) and (6) defines contracts to include all contract modifications and 39:1502 requires the Board to obtain approval of the Office of Contractual Review.

*Effect:* Violation of state law.

*Cause:* The contract period is different from the fiscal year of the Board and therefore makes it difficult for the Executive Director to monitor actual expenditures against the budget.

*Recommendation:* The agency should request extension of the current contract for a period of three months until June 30, 2000. Then submit a new contract based upon the fiscal year of the agency.

*Response:* Management concurred with the recommendation and will submit a contract extension to the Office of Contractual Review.



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CORRECTIVE ACTION PLAN

September 23, 1999

Legislative Auditor  
State of Louisiana

Louisiana State Board of Embalmers and Funeral Directors respectfully submits the following corrective action plan for the years ended June 30, 1999 and 1998.

Name and address of independent public accounting firm: George F. Delaune, CPA, APC; 7663 Anchor Drive; Ventress, LA 70783-4120.

Audit period: July 1, 1997 to June 30, 1999

The findings from the June 30, 1999 and 1998, schedule of findings are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

**B. FINDINGS--FINANCIAL STATEMENTS AUDIT**

*Noncompliance*

**99-1 Fiscal Agent**

*Recommendation:* The Board should seek proposals from local banks in accordance with the Interim Emergency Board regulations.

*Action Taken:* We are drafting a request for proposal and we expect to select a fiscal agent by the end of November 1999.

## *Noncompliance*

### 99-2 Investment Policy

*Recommendation:* The Board should adopt an investment policy as required by state law.

*Action Taken:* We have requested our auditor to assist us in developing an investment policy.

## *Noncompliance and Internal Control*

### 99-3 Budget Monitoring

*Recommendation:* The Board should monitor the budget every month comparing cumulative transactions against the annual budget.

*Action Taken:* Management concurred with the recommendation and has instructed the contract accountant to present a budget to actual financial statement.

## *Internal Control*

### 99-4 Accounting System

*Recommendation:* The agency does not have a qualified accountant on staff; therefore, I recommend that the agency convert their accounting to QuickBooks Pro that is very easy to learn and is user friendly. QuickBooks Pro is a multi-user software that will enable the staff to:

- process invoices and print checks
- process payroll and print checks
- enter receipts and make deposits
- reconcile bank accounts
- print financial statements as well as budgetary statements
- print quarterly payroll tax returns and print W-2s
- print 1099 on vendors
- produce various custom reports by vendor, account, employee, etc.

Then the contract accountant can perform duties of a consultant and review the processed transactions on a quarterly basis and give accounting and administrative advice to the staff and Board.

*Action Taken:* We plan to discuss this software with other state boards and should make a decision on a software package by the end of October 1999.

*Noncompliance and Internal Control*

**99-5 Professional Service Contract**

*Recommendation:* The agency should request extension of the current contract for a period of three months until June 30, 2000. Then submit a new contract based upon the fiscal year of the agency.

*Action Taken:* We will submit to Office of Contractual Review an amendment to the contract requesting a three month extension to June 30, 2000. Then submit a new contract based upon the fiscal year of the agency.

If the Legislative Auditor has questions regarding this plan, please call Dawn P. Scardino, Executive Director at (504) 838-5109.

Sincerely yours,



Dawn P. Scardino, Executive Director

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS  
RESOLUTION OF PRIOR YEAR AUDIT FINDINGS

**Professional Services Contract**

See Finding 99-5. The agency's monitoring procedures were not sufficient to control the budget.

**Investments**

The agency resolved the time period on investments with maturities in excess of twelve months.