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# STATE OF LOUISIANA

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LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
NEW ORLEANS, LOUISIANA

AUDIT REPORT  
ISSUED SEPTEMBER 1, 2004

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

ALBERT J. ROBINSON, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Five copies of this public document were produced at an approximate cost of \$21.48. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us). When contacting the office, you may refer to Agency ID No. 3463 or Report ID No. 04901326 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

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STEVE J. THERIOT, CPA  
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August 24, 2004

Independent Auditor's Report  
on the Financial Statements

**LOUISIANA STATE BOARD OF DENTISTRY**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**STATE OF LOUISIANA**  
New Orleans, Louisiana

We have audited the accompanying basic financial statements of the Louisiana State Board of Dentistry, a component unit of the State of Louisiana, as of June 30, 2004, and for the years ended June 30, 2004, and June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of management 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 as of June 30, 2004, and the changes in its financial position and its cash flows for the years ended June 30, 2004, and June 30, 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2004, on our consideration of the Louisiana State Board of Dentistry's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 5 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



# LOUISIANA STATE BOARD OF DENTISTRY

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Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Board of Dentistry's basic financial statements. The accompanying supplemental financial information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Louisiana State Board of Dentistry. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

FM:JR:PEP:ss

[DENTISTRY04]



### LOUISIANA STATE BOARD OF DENTISTRY DEPARTMENT OF HEALTH AND HOSPITALS STATE OF LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Louisiana State Board of Dentistry's financial performance presents a narrative overview and analysis of the board's financial activities for the years ended June 30, 2004 and 2003. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this information in conjunction with the board's financial statements, which begin on page 9.

#### FINANCIAL HIGHLIGHTS

The board's assets exceeded its liabilities at the close of fiscal years 2004 and 2003 by \$642,901 and \$515,072, respectively. For the fiscal year ended June 30, 2004, the net assets increased by \$127,829 (or 25%) and the board's revenue increased by \$190,929 (or 24%). For the fiscal year ended June 30, 2003, the net assets decreased by \$32,666 (or 6%) and the board's revenue decreased by \$150,719 (or 16%).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist of three sections: *Management's Discussion and Analysis* (this section), the basic financial statements (including the notes to the financial statements), and supplementary information.

##### Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Dentistry, as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Statement of Net Assets (page 9) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the board's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 11) presents information showing how the board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, transactions are included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 13) presents information showing how the board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB Statement 34.



**FINANCIAL ANALYSIS OF THE BOARD**

	Net Assets as of		
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Current and nocurrent assets	\$674,370	\$546,913	\$598,288
Current and noncurrent liabilities	<u>31,469</u>	<u>31,841</u>	<u>50,650</u>
Net Assets:			
Investment in capital assets, net	33,120	36,480	39,466
Unrestricted	<u>609,781</u>	<u>478,592</u>	<u>508,172</u>
Total net assets	<u>\$642,901</u>	<u>\$515,072</u>	<u>\$547,638</u>

Net assets of the Louisiana State Board of Dentistry increased by \$127,829 (or 25%) from June 30, 2003, to June 30, 2004, and decreased by \$32,666 (or 6%) from June 30, 2002, to June 30, 2003.

	Changes in Net Assets for the Year Ended		
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Operating revenues	\$967,136	\$774,962	\$919,480
Operating expenses	<u>844,708</u>	<u>814,274</u>	<u>950,194</u>
Operating income (loss)	122,428	(39,312)	(30,714)
Nonoperating revenues	<u>5,401</u>	<u>6,646</u>	<u>12,847</u>
Increase (decrease) in net assets	<u>\$127,829</u>	<u>(\$32,666)</u>	<u>(\$17,867)</u>

For the years ended June 30, 2004 and 2003, the board's total revenues increased by \$190,929 (or 24%) and decreased by \$150,719 (or 16%), respectively. For the years ended June 30, 2004 and 2003, the total cost of all programs and services increased by \$30,434 (or 4%) and decreased by \$135,920 (or 14%), respectively. The board renews dental and dental hygiene licenses on a biennial basis. The revenue increased because approximately 400 more dentist and 225 more hygienists licenses were renewed in 2004 than in 2003.





### **CAPITAL ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets. For the years ended June 30, 2004 and 2003, the board reported a total of \$33,120 and \$36,480 of capital assets, respectively.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The board renews dental and dental hygiene licenses on a biennial basis. The board expects that next year's net assets will decrease as renewal fees will decrease with 400 and 225 fewer dentists and hygienists, respectively.

### **CONTACTING THE LOUISIANA STATE BOARD OF DENTISTRY FOR THE DENTISTRY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, and customers with a general overview of the Louisiana State Board of Dentistry's finances and to show the board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact C. Barry Ogden, Executive Director, Louisiana State Board of Dentistry, 365 Canal Street, Suite 2680, New Orleans, Louisiana 70130, (504) 568-8574.





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

**Statement of Net Assets, June 30, 2004**

**ASSETS**

Current assets:

Cash (note 2)	\$636,640
Prepayments	4,610
Noncurrent assets - furniture, fixtures, and equipment (net of accumulated depreciation) (note 3)	33,120
Total assets	<u>674,370</u>

**LIABILITIES**

Current liabilities - accounts payable	1,628
Noncurrent liabilities - compensated absences payable (note 5)	29,841
Total liabilities	<u>31,469</u>

**NET ASSETS**

Investment in capital assets, net of accumulated depreciation Unrestricted	33,120
	<u>609,781</u>
Total net assets	<u><u>\$642,901</u></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, Expenses, and  
Changes in Net Assets  
For the Years Ended June 30, 2004, and June 30, 2003**

	<u>JUNE 30, 2004</u>	<u>JUNE 30, 2003</u>
<b>OPERATING REVENUES</b>		
Licenses, permits, and fees	\$843,733	\$629,759
Sale of goods/services	24,250	21,532
Enforcement actions	75,150	99,376
Other revenue	24,003	24,295
Total operation revenue	<u>967,136</u>	<u>774,962</u>
<b>OPERATING EXPENSES</b>		
Administrative	435,224	407,539
Cost of sales and services	185,573	172,244
Depreciation (note 3)	5,368	6,310
Professional services	218,543	228,181
Total operating expenses	<u>844,708</u>	<u>814,274</u>
<b>OPERATING INCOME (Loss)</b>	122,428	(39,312)
<b>NONOPERATING REVENUES</b>		
Interest income	<u>5,401</u>	<u>6,646</u>
<b>INCREASE (Decrease) IN NET ASSETS</b>	127,829	(32,666)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>515,072</u>	<u>547,738</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$642,901</u></u>	<u><u>\$515,072</u></u>

The accompanying notes are an integral part of this financial statement.





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

**Statement of Cash Flows  
For the Years Ended June 30, 2004 and 2003**

	<u>JUNE 30, 2004</u>	<u>JUNE 30, 2003</u>
<b>Cash flows from operating activities:</b>		
Cash received from fees assessed	\$967,136	\$774,962
Cash paid to suppliers for goods and services	(460,872)	(590,452)
Cash paid to employees for services	(379,769)	(236,321)
Net cash provided (used) by operating activities	<u>126,495</u>	<u>(51,811)</u>
<b>Cash flows from investing activities -</b>		
Interest received	<u>5,401</u>	<u>6,646</u>
<b>Cash flows from capital and related financing</b>		
Acquisition/construction of capital assets	<u>(2,008)</u>	<u>(3,324)</u>
<b>Net increase (decrease) in cash</b>	129,888	(48,489)
<b>Cash at beginning of year</b>	<u>506,752</u>	<u>555,241</u>
<b>Cash at end of year</b>	<u><u>\$636,640</u></u>	<u><u>\$506,752</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$122,428	(\$39,312)
Adjustments to reconcile operating income to net cash		
Depreciation	5,368	6,310
Changes in assets and liabilities:		
Increase in prepayments	(929)	
Increase (decrease) in accounts payable	894	(20,420)
Increase (decrease) in compensated absences payable	(1,266)	1,611
Net cash provided (used) by operating activities	<u><u>\$126,495</u></u>	<u><u>(\$51,811)</u></u>

The accompanying notes are an integral part of this financial statement.







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

Notes to the Financial Statements  
As of and for the Years Ended June 30, 2004 and 2003

**INTRODUCTION**

The Louisiana State Board of Dentistry (board) is a state board and component unit of the State of Louisiana reporting entity. The board was created under the provisions of Louisiana Revised Statutes (R.S.) 37:751-795. The board, as provided by R.S. 36:259(E), is under the supervision and control of the Louisiana Department of Health and Hospitals. The board is composed of 14 members, 13 licensed and practicing dentists and one dental hygienist, appointed by the governor; who serve terms of five years. The board has five employees. The board is charged with the responsibility of screening applicants, preparing and administering examinations, issuing licenses for dentists and dental hygienists, and investigating complaints in the field of dentistry. Operations of the board are funded with examination and license fees. As of June 30, 2004 and 2003, there were 2,460 dentists, 1,745 hygienists and 2,389 dentists, 1,665 hygienists, respectively, licensed in the state.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles.

The board applies all GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. However, the board does not apply FASB pronouncements issued after November 30, 1989.

**B. REPORTING ENTITY**

Using the criteria in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, the Division of Administration, Office of Statewide Reporting and Accounting Policy has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state has financial accountability over the board since the governor appoints the majority of the members of the board and can impose her will on the board. The accompanying financial statements present information only as to the transactions and activities of the Louisiana State Board of Dentistry. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The State of Louisiana's basic financial statements are audited by the Louisiana Legislative Auditor.



**C. FUND ACCOUNTING**

For financial reporting purposes, the board is treated as a special-purpose government engaged only in business-type activities. All activities of the board are accounted for within a single proprietary (enterprise) fund to report on its financial position, results of operation, and cash flows. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D. BASIS OF ACCOUNTING**

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, regardless of the measurement focus applied. The transactions of the board are accounted for using the accrual basis of accounting and on a flow of economic resources measurement focus where the aim is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. Accordingly, revenues are recognized in the accounting period when they are earned and expenses are recognized when the related liability is incurred.

Licenses, which are the major source of revenue for the board, are reported as operating revenues. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenue. Therefore, interest earnings from the demand account and certificates of deposit are considered nonoperating revenue. All expenses related to operating the board are reported as operating expenses.

**E. BUDGET PRACTICES**

Annually, the board adopts a budget that is submitted to various agencies as prescribed by R.S. 39:1331-1342, as required by R.S. 36:803. The budget is prepared on the cash basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenses of the succeeding year. Formal budgetary integration is employed as a management control device during the year. The board is not required to present a budgetary comparison schedule.

**F. CASH**

Cash at June 30, 2004, consists of amounts in a demand deposit account, a savings account, and a petty cash account. Under state law, the board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in time certificates of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal offices in Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.



**G. CAPITAL ASSETS**

In accordance with policy established by the Division of Administration, Office of Statewide Reporting and Accounting Policy, only movable property valued at or above \$5,000 is capitalized and depreciated for financial statement purposes. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

**H. LONG-TERM OBLIGATIONS**

The board has no long-term obligations.

**I. COMPENSATED ABSENCES AND  
POSTRETIREMENT HEALTH CARE  
BENEFITS**

The board has no retired employees. Therefore, no postretirement benefits were provided by the board.

Employees earn and accumulate annual and sick leave at rates established by the Louisiana Department of State Civil Service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for all accumulated annual leave up to 300 hours at the employee's hourly rate of pay at the time of termination. Upon retirement, any uncompensated annual leave at the employee's option plus unused sick leave is used to compute retirement benefits.

**2. CASH**

At June 30, 2004, the board has cash (book balance) totaling \$636,640 as follows.

Savings account	\$636,440
Petty cash account	<u>200</u>
Total	<u><u>\$636,640</u></u>

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. At June 30, 2004, the board has \$689,924 in deposits (collected bank balance).

**3. CAPITAL ASSETS**

Capital assets are included on the statement of net assets of the board and are capitalized at cost. A summary of changes for fiscal years 2003 and 2004 is as follows:



	<u>Balance at June 30, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2003</u>
Furniture, fixtures, and equipment	\$90,812	\$3,324		\$94,136
Less accumulated depreciation	<u>(51,346)</u>	<u>(6,310)</u>		<u>(57,656)</u>
Total furniture, fixtures, and equipment	<u>\$39,466</u>	<u>(\$2,986)</u>	<u>NONE</u>	<u>\$36,480</u>
	<u>Balance at June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2004</u>
Furniture, fixtures, and equipment	\$94,136	\$2,008		\$96,144
Less accumulated depreciation	<u>(57,656)</u>	<u>(5,368)</u>		<u>(63,024)</u>
Total furniture, fixtures, and equipment	<u>\$36,480</u>	<u>(\$3,360)</u>	<u>NONE</u>	<u>\$33,120</u>

**4. OPERATING LEASE**

The board occupies leased premises at 365 Canal Street, Suite 2680, New Orleans, Louisiana, on a ten-year operating lease which expires August 31, 2009. All taxes, utilities, and building maintenance are paid by the lessor. Rent expense for the years ended June 30, 2004 and 2003, was \$45,636 and \$45,394, respectively.

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

<u>June 30,</u>	
2005	\$46,875
2006	47,122
2007	48,339
2008	51,305
2009	52,791
Thereafter	<u>8,840</u>
Total	<u>\$255,272</u>

**5. COMPENSATED ABSENCES**

Compensated absences are recognized as an expense and liability in the financial statements when incurred. At June 30, 2004, employees of the board have accumulated and vested \$29,841 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. No liability has been recorded for accumulated vacation time in excess of 300 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

**6. PENSION PLAN**

Substantially all of the employees of the board are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer, defined benefit pension plan. LASERS is a statewide public employee retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. LASERS provides retirement, disability, and survivors' benefits to plan members and



beneficiaries. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

All full-time Louisiana State Board of Dentistry employees are eligible to participate in LASERS. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life 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. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. LASERS also provides death and disability benefits. Benefits are established or amended by state statute. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Employees are required by state statute to contribute 7.5% of gross salary, and the board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 16% of annual covered payroll from the 14.1% and 13% required in fiscal years ended June 30, 2003 and 2002, respectively. The board's contributions to LASERS for the years ended June 30, 2004, 2003, and 2002, were \$37,449, \$32,549, and \$27,227, respectively, equal to the required contributions for each year. The board has no retired employees.

#### **7. LITIGATION**

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation. The board's legal advisor estimates that potential claims not covered by insurance are minimal. For the year ended June 30, 2004, no contingent liabilities are included in the financial statements.

Attorney fees of \$87,993 and \$115,747 for the years ended June 30, 2004 and 2003, are included in the accompanying Statement B.

#### **8. DEFERRED COMPENSATION PLAN**

The executive director of the Louisiana State Board of Dentistry participates in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. The executive director's contributions to the plan for the years ended June 30, 2004 and 2003, were \$2,500 and \$2,890, respectively, and the board's contribution to the plan for each year was \$5,000. Annually, the Louisiana Legislative Auditor issues an audit report on the Louisiana Public Employees Deferred Compensation Plan.





**LOUISIANA STATE BOARD OF DENTISTRY  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES**

**PER DIEM PAID BOARD MEMBERS  
For the Years Ended June 30, 2004 and 2003**

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Regular Session of the Louisiana Legislature. Board members are paid \$150 for each day and actual reimbursement for travel expenses while they are engaged in the discharge of their duties; in addition, the president shall receive a salary in connection with his duties as set by the board, as authorized by Louisiana Revised Statute 37:755.

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,  
DIVISION OF ADMINISTRATION,  
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY  
As of and for the Year Ended June 30, 2004**

The annual fiscal report presents the financial position of the Louisiana State Board of Dentistry as of June 30, 2004, and the results of its operations (including cash flows) for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.







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

**Schedule of Per Diem Paid Board Members  
For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Conrad P. McVea, Jr., D.D.S.	\$4,650	\$6,750
Christine M. Guilluame, R.D.H.	5,250	3,000
John K. Leglue, D.D.S.	5,850	6,450
Charles T. McCabe, Jr., D.D.S.	7,800	3,750
White S. Graves, III, D.D.S.	3,450	4,500
Ronald B. Marks, D.D.S.	1,050	2,250
Michael J. Montalbano, D.D.S.	5,550	3,150
Vance L. Wascom, D.D.S.	3,750	2,250
C. Leonard Wise, D.D.S.	5,700	1,650
Aubrey Baudean, Jr., D.D.S.	2,700	1,950
Dennis E. Donald, D.D.S.	4,200	2,700
Charley M. Lester, Jr., D.D.S.	2,400	3,900
Jerome G. Alesi, D.D.S.	NONE	3,000
Wilton A Guillroy, Jr.	2,700	NONE
Samuel A. Trinca	3,000	NONE
Romell J. Madison	1,650	NONE
Lynn J. Philippe	1,500	NONE
James Pearce	3,750	NONE
	<u>3,750</u>	<u>NONE</u>
Total	<u>\$64,950</u>	<u>\$45,300</u>





RECEIVED

JUL 22 2004

LOUISIANA STATE BOARD  
OF DENTISTRY

**SHARP & COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

2439 MANHATTAN BOULEVARD SUITE 205  
HARVEY, LOUISIANA 70058  
Telephone (504) 362-5340 Fax (504) 362-5843

**ACCOUNTANT'S COMPILATION REPORT**

To the Board Members  
LOUISIANA STATE BOARD OF DENTISTRY  
New Orleans, Louisiana

We have compiled the accompanying financial statements of the business-type activities of the LOUISIANA STATE BOARD OF DENTISTRY, as of June 30, 2004, and for the year then ended, which collectively comprise the Board's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

Management has not presented the management's discussion and analysis information that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be a part of, the basic financial statements.

**SHARP & COMPANY, CPA's**

A Professional Accounting Corporation

Harvey, Louisiana  
July 16, 2004

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2004

Louisiana State Board of Dentistry

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

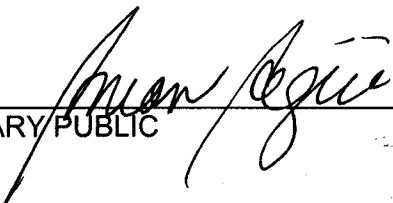
AFFIDAVIT

Personally came and appeared before the undersigned authority, C. Barry Olson (Name)  
(Title) of The LA. State Board of Dentistry (Agency) who duly sworn, deposes and says, that the  
financial statements herewith given present fairly the financial position of  
(agency) at June 30, 04 and the results of operations for the year then ended in accordance with  
policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this 5 day of August, 2004.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: C. Barry Olson

Title: Executive Director

Telephone No.: (504) 568-8574

Date: \_\_\_\_\_

**Brian M. Bégue**  
**Bar #8893**  
**2127 Dauphine Street**  
**New Orleans, Louisiana 70116**  
**(504) 844-8443**

Louisiana State Board of Dentistry  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2004

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

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- B. Budgetary Accounting
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- D. Capital Assets
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- F. Retirement System
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**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF NET ASSETS  
 AS OF JUNE 30, 2004**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents (Note C1)	\$	<u>636,540</u>
Investments (Note C2)		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		<u>4,610</u>
Notes receivable		
Other current assets		
Total current assets		<u>641,150</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>33,120</u>
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>33,120</u>
Total assets	\$	<u>674,270</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note J)	\$	<u>1,628</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>1,628</u>

**NON-CURRENT LIABILITIES:**

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note E)		<u>29,841</u>
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		<u>29,841</u>
Total liabilities		<u>31,469</u>

**NET ASSETS**

Invested in capital assets, net of related debt		<u>33,120</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>609,681</u>
Total net assets		<u>642,801</u>
Total liabilities and net assets	\$	<u>674,270</u>

Statement A

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2004**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ 24,250
Assessments	75,150
Use of money and property	
Licenses, permits, and fees	843,733
Other	29,404
Total operating revenues	972,537
<b>OPERATING EXPENSES</b>	
Cost of sales and services	687,634
Administrative	151,706
Depreciation	5,368
Amortization	
Total operating expenses	844,708
Operating income(loss)	127,829
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	
Total non-operating revenues(expenses)	0
Income(loss) before contributions and transfers	127,829
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	127,829
Total net assets – beginning as restated	514,972
Total net assets – ending	\$ 642,801

Statement B

See Accountant's Compilation Report and the Accompanying Notes to these Financial Statements.

STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2004

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
BTA	\$ 844,708	\$ 24,250	\$	\$	\$ (820,458)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					5,401
Miscellaneous					942,886
Special items					
Transfers					
Total general revenues, special items, and transfers					948,287
Change in net assets					127,829
Net assets - beginning					514,972
Net assets - ending					\$ 642,801



**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2004**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$	967,136
Cash payments to suppliers for goods and services		<u>(460,872)</u>
Cash payments to employees for services		<u>(379,769)</u>
Payments in lieu of taxes		_____
Internal activity-payments to other funds		_____
Claims paid to outsiders		_____
Other operating revenues(expenses)		<u>5,401</u>
Net cash provided(used) by operating activities		<u>131,896</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		_____
Proceeds from sale of bonds		_____
Principal paid on bonds		_____
Interest paid on bond maturities		_____
Proceeds from issuance of notes payable		_____
Principal paid on notes payable		_____
Interest paid on notes payable		_____
Operating grants received		_____
Other		_____
Transfers in		_____
Transfers out		_____
Net cash provided(used) by non-capital financing activities		<u>0</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		_____
Principal paid on bonds		_____
Interest paid on bond maturities		_____
Proceeds from issuance of notes payable		_____
Principal paid on notes payable		_____
Interest paid on notes payable		_____
Acquisition/construction of capital assets		<u>(2,008)</u>
Proceeds from sale of capital assets		_____
Capital contributions		_____
Other		_____
Net cash provided(used) by capital and related financing activities		<u>(2,008)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		_____
Proceeds from sale of investment securities		_____
Interest and dividends earned on investment securities		_____
Net cash provided(used) by investing activities		<u>0</u>
Net increase(decrease) in cash and cash equivalents		<u>129,888</u>
Cash and cash equivalents at beginning of year		<u>506,652</u>
Cash and cash equivalents at end of year	\$	<u><u>636,540</u></u>

Statement D

See Accountant's Compilation Report and the Accompanying Notes to these Financial Statements.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2004**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)	\$	<u>127,829</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization		<u>5,368</u>
Provision for uncollectible accounts		<u>          </u>
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable		<u>          </u>
(Increase)decrease in due from other funds		<u>          </u>
(Increase)decrease in prepayments		<u>(929)</u>
(Increase)decrease in inventories		<u>          </u>
(Increase)decrease in other assets		<u>          </u>
Increase(decrease) in accounts payable and accruals		<u>894</u>
Increase(decrease) in accrued payroll and related benefits		<u>          </u>
Increase(decrease) in compensated absences payable		<u>(1,266)</u>
Increase(decrease) in due to other funds		<u>          </u>
Increase(decrease) in deferred revenues		<u>          </u>
Increase(decrease) in other liabilities		<u>          </u>
 Net cash provided(used) by operating activities	 \$	 <u><u>131,896</u></u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease	<u>          </u>
Contributions of fixed assets	<u>          </u>
Purchases of equipment on account	<u>          </u>
Asset trade-ins	<u>          </u>
Other (specify)	<u>          </u>
 <u>          </u>	 <u>          </u>
 <u>          </u>	 <u>          </u>
 <b>Total noncash investing, capital, and financing activities:</b>	 <u><u>0</u></u>

(Concluded)

Statement D

See Accountant's Compilation Report and the Accompanying Notes to these Financial Statements.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the year ended June 30, 2004**

**INTRODUCTION**

The Louisiana State Board of Dentistry (the Board) is a component unit of the State of Louisiana – Department of Health and Hospitals and was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (LSA-R.S.) 37:751-795. The following is a brief description of the operations of the Board, which includes the parish/parishes in which the Board is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

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 GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses 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 accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Board are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 Notes to the Financial Statements  
 As of and for the year ended June 30, 2004

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>890,500</u>
Amendments:	_____
	_____
	_____
Final approved budget	\$ <u><u>890,500</u></u>

C. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

1. **DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, 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 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 share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts 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.

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. **(separate disclosure no longer required)**

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. **(separate disclosure no longer required)**

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. **(separate disclosure still required)**

STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 Notes to the Financial Statements  
 As of and for the year ended June 30, 2004

GASB Statement 40 only requires category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2004, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ 636,540	\$ 0	\$ 0	\$ 636,540
Bank balances (category 3 only, if any)				
<b>Identify amounts reported as category 3 by the description below:</b>				
a. Uninsured and uncollateralized				0
b. Uninsured and collateralized with securities held by the pledging institution				0
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Board's name				0
<b>Total Category 3 bank balances</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Total bank balances (All categories including category 3 reported above)</b>	<b>\$ 689,924</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 689,924</b>

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Hibernia National Bank - #812511920	Operating	\$ 45,000
2. Hibernia National Bank - #812511939	Investment	644,924
3. _____	_____	_____
4. _____	_____	_____
Total		<b>\$ 689,924</b>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS**  
**LOUISIANA STATE BOARD OF DENTISTRY**  
**Notes to the Financial Statements**  
**As of and for the year ended June 30, 2004**

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ 0
Petty cash	\$ 100

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

Year ended June 30, 2004

	Balance 6/30/2003	Additions	Transfers *	Retirements	Balance 6/30/2004	Prior Period Adjustment	Adjusted Balance 6/30/2004
<b>Capital assets not being depreciated</b>							
Land	--	--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
<b>Total capital assets not being depreciated</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	\$ 94,136	\$ 2,008	--	--	\$ 96,144	--	\$ 96,144
Less accumulated depreciation	(57,656)	(5,368)	--	--	(63,024)	--	(63,024)
<b>Total furniture, fixtures, and equipment</b>	<u>36,480</u>	<u>(3,360)</u>	<u>--</u>	<u>--</u>	<u>33,120</u>	<u>--</u>	<u>33,120</u>
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total buildings and improvements</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total depreciable land improvements</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
<b>Total infrastructure</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Total other capital assets</b>	<u>\$ 36,480</u>	<u>\$ (3,360)</u>	<u>--</u>	<u>--</u>	<u>\$ 33,120</u>	<u>--</u>	<u>\$ 33,120</u>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	\$ 94,136	\$ 2,008	--	--	\$ 96,144	--	\$ 96,144
<b>Total cost of capital assets</b>	<u>94,136</u>	<u>2,008</u>	<u>--</u>	<u>--</u>	<u>96,144</u>	<u>--</u>	<u>96,144</u>
Less accumulated depreciation	(57,656)	(5,368)	--	--	(63,024)	--	(63,024)
<b>Capital assets, net</b>	<u>\$ 36,480</u>	<u>\$ (3,360)</u>	<u>--</u>	<u>--</u>	<u>\$ 33,120</u>	<u>--</u>	<u>\$ 33,120</u>

\* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
LOUISIANA STATE BOARD OF DENTISTRY  
Notes to the Financial Statements  
As of and for the year ended June 30, 2004**

**E. LEAVE**

**1. COMPENSATED ABSENCES**

The Board has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at rates established by the Louisiana Department of Civil Service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for all accumulated annual leave up to 300 hours at the employee's hourly rate of pay at the time of termination. Upon retirement, any uncompensated annual leave at the employee's option plus unused sick leave is used to compute retirement benefits.

Compensated absences are recognized as an expense and liability in the financial statements when incurred. At June 30, 2004, employees of the Board had accumulated and vested \$29,841 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. No liability has been recorded for accumulated vacation time in excess of 300 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

**F. RETIREMENT SYSTEM**

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System, a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana State Board of Dentistry employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life 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. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended 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 State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2004, increased to 16% of annual covered payroll from the 14% and 13% required in fiscal years ended June 30, 2003 and 2002, respectively. The Board contributions to the System for the years ended June 30, 2004, 2003, and 2002, were \$37,449, \$32,549, and \$27,227, respectively, equal to the required contributions for each year.

**G. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS**  
**LOUISIANA STATE BOARD OF DENTISTRY**  
**Notes to the Financial Statements**  
**As of and for the year ended June 30, 2004**

- 3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.\*\*
- 4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

\*\*If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

Substantially all Louisiana State Board of Dentistry employees become eligible for post employment health care, dental and life insurance 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 premiums are paid jointly by the employee and the Board. For 2004, there were no costs for providing benefits as there were no retirees.

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Louisiana State Board of Dentistry employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Louisiana State Board of Dentistry. The Board recognizes the cost of providing these benefits (Louisiana State Board of Dentistry's portion of premiums) as an expenditure when paid during the year, which was \$0 for the year ended June 30, 2004. 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 year ended June 30, 2004 there were no costs for retiree benefits.

**H. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year June 30, 2004 amounted to \$45,515. A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014	FY2015-2019
Building Lease	\$ 46,875	\$ 48,339	\$ 49,820	\$ 51,305	\$ 52,791	\$ 8,840	\$ 0
<b>Total</b>	<b>\$ 46,875</b>	<b>\$ 48,339</b>	<b>\$ 49,820</b>	<b>\$ 51,305</b>	<b>\$ 52,791</b>	<b>\$ 8,840</b>	<b>\$ 0</b>



**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 Notes to the Financial Statements  
 As of and for the year ended June 30, 2004**

**I. LITIGATION**

The Board’s legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements. For the year ended June 30, 2004, there was no contingent liabilities included in the financial statements.

Claims and litigation costs of \$87,993 were incurred in the current year and are reflected in the accompanying financial statement.

**J. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Operating	\$ 1,507	\$ 121	\$	\$	\$ 1,628
Total payables	\$ 1,507	\$ 121	\$ 0	\$ 0	\$ 1,628

STATE OF LOUISIANA-DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
 For the Year Ended June 30, 2004

<u>Name</u>	<u>Amount</u>
Conrad P. McVea, Jr., D.D.S.	\$ 4,650
Christine M. Guillaume, R.D.H.	5,250
John K. Legleu, D.D.S.	5,850
Charles T. McCabe, Jr., D.D.S.	7,800
White S. Graves, III, D.D.S.	3,450
Ronald B. Marks, D.D.S.	1,050
Michael J. Montalbano, D.D.S.	5,550
Vance L. Wascom, D.D.S.	3,750
C. Leonard Wise, D.D.S.	5,700
Aubrey Baudean, Jr., D.D.S.	2,700
Dennis E. Donald, D.D.S.	4,200
Charley M. Lester, Jr., D.D.S.	2,400
Wilton A. Guillory, Jr.	2,700
Samuel A. Trinca	3,000
Romell J. Madison	1,650
Lynn J. Philippe	1,500
James Pearce	3,750
	\$ <u><u>64,950</u></u>

SCHEDULE 1

See Accountant's Compilation Report.

STATE OF LOUISIANA-DEPARTMENT OF HEALTH AND HOSPITALS  
 LOUISIANA STATE BOARD OF DENTISTRY  
 SCHEDULE OF COMPARISON FIGURES  
 For the Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1)	Revenues	\$ 972,537	781,608	\$ 190,929	24%
	Expenses	844,708	814,274	30,434	4%
2)	Capital assets	33,120	36,480	(3,360)	(9%)
	Long-term debt	29,841	31,107	(1,266)	(4%)
	Net Assets	642,801	514,972	127,829	25%

Explanation for change:

REVENUES ARE UP BECAUSE APPROXIMATELY  
 400 DENTISTS' & 225 PHYSICISTS' LICENSES  
 WERE RENEWED IN 2004 THAN IN 2003.

		<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
3)	Revenues	\$ 976,500	976,500	-	0%
	Expenditures	890,500	890,500	-	0%

Explanation for change:

		<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
	Revenues	\$ 976,500	972,537	\$ 3,963	0%
	Expenditures	890,500	844,708	45,792	5%

Explanation for change:

SCHEDULE 2

See Accountant's Compilation Report.

**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The report includes, where appropriate, any reportable conditions and/or material weaknesses in internal control and, where applicable, compliance matters that would be material to the presented financial statements.







STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870  
[www.la.state.la.us](http://www.la.state.la.us)

August 24, 2004

Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**LOUISIANA STATE BOARD OF DENTISTRY**  
**DEPARTMENT OF HEALTH AND HOSPITALS**  
**STATE OF LOUISIANA**  
New Orleans, Louisiana

We have audited the financial statements of the Louisiana State Board of Dentistry, a component unit of the State of Louisiana, as of June 30, 2004, and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Louisiana State Board of Dentistry's financial statements are free of material misstatement, we 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 our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no 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 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.



# LOUISIANA STATE BOARD OF DENTISTRY

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This report is intended solely for the information and use of the Louisiana State Board of Dentistry and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

FM:JR:PEP:ss

[DENTISTRY04]

