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LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

Audited Financial Statements
As of and For the Two Years Ended June 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 9-8-04

LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

Audited Financial Statements
As of and For the Two Years Ended June 30, 2004

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**LOUISIANA STATE BOARD
OF EXAMINERS OF
PSYCHOLOGISTS**

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Division of Administration
Office of Statewide Reporting
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P.O. Box 94095, Capitol Station
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AND

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

RE: Annual Financial Statements

To Whom It Concerns:

Enclosed please find the Louisiana State Board of Examiners of Psychologists *Annual Financial Statements for Fiscal Year Ending, June 30, 2004.*

Sincerely,

Brenda C. Ward
Executive Director

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of Examiners of Psychologists
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana State Board of Examiners of Psychologists, a component unit of the State of Louisiana, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana State Board of Examiners of Psychologists. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Examiners of Psychologists as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis 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 primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2004, on our consideration of the Louisiana State Board of Examiners of Psychologists' 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 audits.

Our audits were made for the purpose of forming an opinion on the Louisiana State Board of Examiners of Psychologists' basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana State Board of Examiners of Psychologists. Such information has been subjected to the audit procedures applied in the audits 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.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 19, 2004

LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
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 Examiners of Psychologists' financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's financial statements.

FINANCIAL HIGHLIGHTS

The Board's assets exceeded its liabilities at the close of fiscal year 2004 by \$69,376. The net assets increased by \$19,514 or 39.1%.

The Board's revenue increased by \$629 or 0.4%, while the expenses decreased by \$18,316 or 12.4%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Louisiana State Board of Examiners of Psychologists' financial statements are comprised of the basic financial statements and the notes to the financial statements. In addition to the basic financial statements and the accompanying notes, other information in this report presents certain supplementary information required by legislative resolution. The basic financial statements are designed to provide readers with a broad overview of the Board's finances in a manner similar to a private sector business.

Basic Financial Statements

The basic financial statements of the Louisiana State Board of Examiners of Psychologists present financial information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements of 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 portion 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 financial position of the Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) 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, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 11) 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 (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE BOARD

Summary Statements of Net Assets June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Current and other assets	\$187,218	\$155,918
Capital assets	3,562	4,750
Total assets	<u>190,780</u>	<u>160,668</u>
Current liabilities	115,880	105,863
Non-current liabilities	5,524	4,943
Total liabilities	<u>121,404</u>	<u>110,806</u>
Total net assets	<u>\$ 69,376</u>	<u>\$ 49,862</u>

The Board's equity interest in its capital assets is reported within the investment in capital assets. Restricted net assets represent those assets that are not available for spending as a result of legislative requirements. The unrestricted net assets are those that do not have any limitations for what these amounts may be used.

Net assets of the Board increased by \$19,514 or 39.1%, from June 30, 2003, to June 30, 2004. A major cause of this increase is a decrease in professional services expense.

Summary Statements of Revenues, Expenses, and Changes in Net Assets Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues	\$146,150	\$143,450
Operating expenses	129,927	148,243
Operating income (loss)	<u>16,223</u>	<u>(4,793)</u>
Non-operating revenues/expenses	3,291	5,362
Change in net assets	<u>\$ 19,514</u>	<u>\$ 569</u>

The Board's total revenues increased by \$629 or 0.4%. The total cost of all programs and services decreased by \$18,316 or 12.4%.

CAPITAL ASSETS

At the end of 2004, the Board had \$3,562 invested in furniture and equipment. There were no major additions to capital assets for fiscal year 2003-04.

BUDGET

The annual budget was approved by the Board at the November 15, 2002 meeting.

**CONTACTING THE LOUISIANA STATE BOARD
OF EXAMINERS OF PSYCHOLOGISTS**

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana State Board of Examiners of Psychologists' finances and to show the board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, Louisiana State Board of Examiners of Psychologists, 8280 YMCA Plaza Dr., Building 8B, Baton Rouge, Louisiana 70810.

**Louisiana State Board of Examiners of Psychologists
Department of Health and Hospitals
State of Louisiana
Statements of Net Assets
June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Assets		
Current assets		
Cash (note 2)	\$ 185,616	\$154,342
Prepays	1,602	1,576
Total current assets	<u>187,218</u>	<u>155,918</u>
Non-current assets		
Capital assets, net of depreciation (note 3)	3,562	4,750
Total assets	<u>190,780</u>	<u>160,668</u>
Liabilities		
Current liabilities		
Accounts payable (note 6)	7,087	3,448
Deferred revenues	108,000	101,625
Current portion of long-term liability		
Accrued compensated absences (note 7)	793	790
Total current liabilities	<u>115,880</u>	<u>105,863</u>
Non-current liabilities:		
Accrued compensated absences (note 7)	5,524	4,943
Total liabilities	<u>121,404</u>	<u>110,806</u>
Net assets		
Invested in capital assets	3,562	4,750
Unrestricted net assets	65,814	45,112
Total net assets	<u>\$ 69,376</u>	<u>\$ 49,862</u>

See accompanying notes to the financial statements.

**Louisiana State Board of Examiners of Psychologists
 Department of Health and Hospitals
 State of Louisiana
 Statements of Revenues, Expenses,
 and Changes in Net Assets
 Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Operating revenues		
Licenses, permits, and fees	<u>\$146,150</u>	<u>\$143,450</u>
Operating expenses		
Personal services	68,946	71,128
Travel	13,222	13,912
Operating services	37,003	37,167
Supplies	2,393	1,538
Professional services	7,175	23,310
Depreciation	1,188	1,188
Total operating expenses	<u>129,927</u>	<u>148,243</u>
Operating income (loss)	<u>16,223</u>	<u>(4,793)</u>
Non-operating revenues/expense		
Use of money and property	917	1,973
Other revenues	2,374	3,389
Total non-operating revenues/expenses	<u>3,291</u>	<u>5,362</u>
Change in net assets	19,514	569
Net assets, beginning of year	<u>49,862</u>	<u>49,293</u>
Net assets, end of year	<u>\$ 69,376</u>	<u>\$ 49,862</u>

See accompanying notes to the financial statements.

Louisiana State Board of Examiners of Psychologists
Department of Health and Hospitals
State of Louisiana
Statements of Cash Flows
Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Cash received from customers	\$152,525	\$142,575
Cash paid to suppliers for goods and services	(56,180)	(73,727)
Cash paid to employees for services	(68,362)	(70,960)
Net cash provided (used) by operating activities	<u>27,983</u>	<u>(2,112)</u>
Cash flows from non-capital financing activities		
Other non-operating revenue	2,374	3,389
Net cash provided by non-capital financing activities	<u>2,374</u>	<u>3,389</u>
Cash flows from capital and related financing		
Acquisition of capital assets	-	(5,938)
Net cash (used) by capital and related financing	<u>-</u>	<u>(5,938)</u>
Cash flows from investing activities		
Interest earned	917	1,973
Net cash provided by investing activities	<u>917</u>	<u>1,973</u>
Net increase (decrease) in cash	31,274	(2,688)
Cash, beginning of year	<u>154,342</u>	<u>157,030</u>
Cash, end of year	<u>\$185,616</u>	<u>\$154,342</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ 16,223	\$ (4,793)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	1,188	1,188
(Increase) in other assets	(26)	(12)
Increase in accounts payable	3,639	2,212
Increase in accrued compensated absences	584	168
Increase (decrease) in deferred revenues	6,375	(875)
Net cash provided (used) by operating activities	<u>\$ 27,983</u>	<u>\$ (2,112)</u>

See accompanying notes to the financial statements.

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana**

Notes to the Financial Statements
June 30, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana State Board of Examiners of Psychologists is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:2353, within the Department of Health and Hospitals, and is domiciled in East Baton Rouge Parish. The Board consists of five members appointed by the governor. The members may receive a per diem not to exceed \$75 per meeting or day spent on business of the Board, plus travel expenses. The Board is charged with the responsibility of licensing and regulating psychologists in the State of Louisiana. Operations of the Board are funded through self-generated revenues.

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis 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 principles and financial reporting standards.

Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the Board members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana State Board of Examiners of Psychologists. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting

All activities of the Board are accounted for within a single proprietary (enterprise) fund. 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.

Basis of Accounting

The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, restricted net assets, and unrestricted net assets.

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana**
Notes to the Financial Statements
June 30, 2004 and 2003

Budget Practices

Annually, the Board adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2004, was adopted on November 15, 2002, and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the Board retains its unexpended net assets to fund expenditures of the succeeding year.

Cash and Investments

Cash includes petty cash, demand deposits and certificates of deposit. Under state law, the Board may deposit funds in 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 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 Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment includes all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	<u>Years</u>
Automobiles	5
Data processing equipment	5
Furniture and equipment	10

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 is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana**
Notes to the Financial Statements
June 30, 2004 and 2003

with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

Net Assets

Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following three components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Restricted net assets – Consists of external constraints placed on net assets use imposed by law through enabling legislation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

NOTE 2 – CASH

At June 30, 2004 and 2003, the Board has cash (book balances) totaling \$185,616 and \$154,342, respectively.

Deposits in bank accounts 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 similar Federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the Federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2004 and 2003, the Board has \$187,153 and \$160,421, respectively, in deposits (collected bank balances) that were 100% insured or collateralized with securities held by the Board or its agent in the Board's name.

NOTE 3 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Other capital assets				
Furniture & Equipment	\$5,938	\$ -	\$ -	\$5,938
Less accumulated depreciation	(1,188)	(1,188)	-	(2,376)
Total Furniture & Equipment	\$4,750	\$(1,188)	\$ -	\$3,562

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana**
Notes to the Financial Statements
June 30, 2004 and 2003

NOTE 4 – RETIREMENT SYSTEM

Substantially all employees of the Board belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time Board employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$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 services, 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. The 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 Revised Statute 11:102. The Board's contribution rate for fiscal years ended June 30, 2004, 2003, and 2002 were 15.8%, 14.1%, and 13%, respectively, of annual covered payroll. The Board's contributions to the System for the years ending June 30, 2004, 2003, and 2002 were \$0, \$5,728, and \$5,353, respectively, which are the required contributions for each year.

NOTE 5 – LEASE AND RENTAL COMMITMENTS

The Board has continuing obligations for operating leases at June 30, 2004 as follows:

<u>Fiscal Year Ending</u>	<u>Office Space</u>
June 30, 2005	\$18,445
June 30, 2006	\$19,957
June 30, 2007	\$19,957

Lease and rental expenses for the years ended June 30, 2004 and 2003 totaled \$18,445 and \$17,538, respectively.

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana**
Notes to the Financial Statements
June 30, 2004 and 2003

NOTE 6 – PAYABLES

At June 30, 2004 and 2003, the Board had payables totaling \$7,087 and \$3,448, respectively, as follows:

	<u>2004</u>	<u>2003</u>
Accounts payable	\$2,708	\$ 821
Accrued wages payable	775	-
Benefits payable	3,604	2 627
Total payables	<u>\$7,087</u>	<u>\$3,448</u>

NOTE 7 – COMPENSATED ABSENCES

A summary of changes in compensated absences is as follows:

July 1, 2002	\$5,565
Additions	168
June 30, 2003	<u>5,733</u>
Additions	585
June 30, 2004	<u>\$6,318</u>

The additions to compensated absences during the 2003-04 and 2002-03 fiscal years represent the net change during the year because the additions and deductions could not readily be determined.

**Other Report Required By
Government Auditing Standards.**

The following pages contain a report on compliance with laws and regulations and on internal control 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 weaknesses in internal control or compliance matters that would be material to the presented financial statements.

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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SOCIETY OF LOUISIANA CPAs

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE BASIC FINANCIAL STATEMENTS

Louisiana State Board of Examiners of Psychologists
Department of Health and Hospitals
State of Louisiana
Baton Rouge, Louisiana

We have audited the basic financial statements of the Louisiana State Board of Examiners of Psychologists, a component unit of the State of Louisiana, as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated August 19, 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 Examiners of Psychologists' basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance 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 non-compliance 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 Examiners of Psychologists' internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 operations that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Louisiana State Board of Examiners of Psychologists in a separate letter dated August 19, 2004.

This report is intended solely for the information and use of the Board and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 19, 2004

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana
Schedule of Findings
For the Years Ended June 30, 2004 and 2003**

Type of auditor's report issued: Unqualified.

Internal control over financial reporting: No findings were identified.

Compliance: No instances of noncompliance identified.

**LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
Department of Health and Hospitals
State of Louisiana
Summary Schedule of Prior Audit Finding**

For the Years Ended June 30, 2002 and 2001

Finding 02-1: The Board opened a new bank account without notifying the Interim Emergency Board as required by state law. In addition, the funds deposited were not secured by a pledge of securities for amounts over \$100,000.

Status of Finding: Fully Resolved

No new accounts were opened, and deposits are fully insured at June 30, 2004.

Finding 02-2: The Board had funds deposited over \$100,000 that were not secured by a pledge of securities. At June 30, 2002, the Louisiana State Board of Examiners of Psychologists had funds in the Baton Rouge Teachers Federal Credit Union with a balance of \$101,952. The Federal Insurance at the credit union is for \$100,000 only. This means \$1,952 was not secured with collateral pledges by the financial institution holding the funds as required by law.

Status of Finding: Fully Resolved

The Executive Director reviews account balances to ensure total deposits do not exceed \$100,000.

SUPPLEMENTAL INFORMATION SCHEDULES

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to Board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:2353. Board members are paid \$75 per day for Board meetings and official business.

DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

Louisiana State Board of Examiners of Psychologists
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>
Robert R. Allen	\$ 75	\$1,575
Earl H. Baker	1,125	-
Kenneth R. Bouillion	900	1,050
Linda J. Hartwell	1,575	1,575
Janet R. Matthews	1,575	1,200
Bruce K. McCormick	1,200	1,200
	<hr/>	<hr/>
Total	<u>\$6,450</u>	<u>\$6,600</u>

LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2004

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

Louisiana State Board of Examiners of Psychologists

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, Brenda C. Ward (Name),
Executive Director (Title) of Louisiana State Board of Examiners of Psychologists who duly
sworn, deposes and says, that the financial statements herewith given present fairly the financial
position of Louisiana State Board of Examiners of Psychologists at June 30, 2004 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 10th day of August, 2004.



Signature of Agency Official



NOTARY PUBLIC *for life*
Rebecca Kitok WISBAR
Bar # 17655

Prepared by: Ouida M. Nugent

Title: Accountant

Telephone No.: 225-752-3425

Date: August 5, 2004

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
BALANCE SHEET
AS OF JUNE 30, 2004**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents (Note C1)	\$ 185,616
Investments (Note C2)	
Receivables (net of allowance for doubtful accounts)(Note U)	
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	1,602
Notes receivable	
Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Other current assets	
Total current assets	187,218

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	3,562
Infrastructure	
Construction in progress	
Other noncurrent assets	
Total noncurrent assets	3,562
Total assets	\$ 190,780

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 7,087
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	108,000
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)	793
Capital lease obligations - (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total current liabilities	115,880

NON-CURRENT LIABILITIES:

Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	5,524
Capital lease obligations (Note J)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	
Other long-term liabilities	
Total long-term liabilities	5,524
Total liabilities	121,404

NET ASSETS

Invested in capital assets, net of related debt	3,562
Restricted for:	
Capital projects	
Debt service	
Unemployment compensation	
Other specific purposes	
Unrestricted	65,814
Total net assets	69,376
Total liabilities and net assets	\$ 190,780

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

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2004**

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	146,150
Other	2,374
Total operating revenues	<u>148,524</u>
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	128,739
Depreciation	1,188
Amortization	_____
Total operating expenses	<u>129,927</u>
Operating income(loss)	<u>18,597</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues (expenses)	_____
Taxes	_____
Use of money and property	917
Gain (loss) on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other	_____
Total non-operating revenues(expenses)	<u>917</u>
Income(loss) before contributions and transfers	<u>19,514</u>
Capital contributions	_____
Transfers in	_____
Transfers out	_____
Change in net assets	<u>19,514</u>
Total net assets -- beginning as restated	<u>49,862</u>
Total net assets -- ending	<u>\$ 69,376</u>

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

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 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	
Component Unit:				
Component Unit X	\$ <u>129,927</u>	\$ <u>148,524</u>	\$ _____	\$ <u>18,597</u>
General revenues:				
Taxes				_____
State appropriations				_____
Grants and contributions not restricted to specific programs				_____
Interest				917
Miscellaneous				_____
Special items				_____
Transfers				_____
Total general revenues, special items, and transfers				917
Change in net assets				19,514
Net assets - beginning				49,862
Net assets - ending				\$ <u>69,376</u>

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004**

Cash flows from operating activities			
Cash received from customers	\$	154,899	
Cash payments to suppliers for goods and services		(45,104)	
Cash payments to employees for services		(79,438)	
Payments in lieu of taxes			
Internal activity-payments to other funds			
Claims paid to outsiders			
Other operating revenues(expenses)			
Net cash provided(used) by operating activities			30,357
Cash flows from non-capital financing activities			
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			0
Cash flows from capital and related financing			
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		0	
Proceeds from sale of capital assets			
Capital contributions			
Other			
Net cash provided(used) by capital and related financing activities			0
Cash flows from investing activities			
Purchases of investment securities			
Proceeds from sale of investment securities			
Interest and dividends earned on investment securities		917	
Net cash provided(used) by investing activities			917
Net increase(decrease) in cash and cash equivalents			31,274
Cash and cash equivalents at beginning of year			154,342
Cash and cash equivalents at end of year	\$		185,616

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 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>18,597</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	<u>1,188</u>	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable		
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	<u>(26)</u>	
(Increase)decrease in inventories		
(Increase)decrease in other assets	<u>0</u>	
Increase(decrease) in accounts payable	<u>3,639</u>	
Increase(decrease) in accrued payroll and related benefits		
Increase(decrease) in compensated absences payable	<u>584</u>	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues	<u>6,375</u>	
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities	 \$	 <u><u>30,357</u></u>

Schedule of noncash investing, capital, and financing activities:

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

(Concluded)

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2004
INTRODUCTION

The Louisiana State Board of Examiners of Psychologists is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:2351-2369, 36:803. The Board is composed of five members appointed by the Governor. The members serve terms of five years. The Board is charged with the responsibility of licensing and regulating psychologists in the State of Louisiana. The Board's operations are funded entirely through annual self-generated revenues.

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 Louisiana State Board of Examiners of Psychologists present information only as to the transactions of the programs of the Louisiana State Board of Examiners of Psychologists 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 Louisiana State Board of Examiners of Psychologists 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 Louisiana State Board of Examiners of Psychologists 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 include the original appropriation plus subsequent amendments as follows.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>152,900</u>
Amendments:	<u>(5,550)</u>
Final approved budget	\$ <u><u>147,350</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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 Louisiana State Board of Examiners of Psychologists may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Examiners of Psychologists 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 in 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. The deposits at June 30, 2004 were secured as follows:

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

	Deposits in bank accounts			Total
	Cash	Certificates of Deposit	Other (Describe)	
Deposits in bank accounts per balance sheet	\$ <u>90,616</u>	\$ <u>95,000</u>	\$ _____	\$ <u>185,616</u>
Bank balances:				
1. Insured or collateralized with securities held by the entity or its agency <u>in the entity's name</u>	<u>90,616</u>	<u>95,000</u>	_____	<u>185,616</u>
2. Collateralized with securities held by the pledging institution's trust department or agent <u>in the entity's name</u>	_____	_____	_____	_____
3. Uncollateralized, including any securities held for the entity <u>but not in the entity's name</u>	_____	_____	_____	_____
Total bank balances	\$ <u>90,616</u>	\$ <u>95,000</u>	\$ _____	\$ <u>185,616</u>

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. <u>Bank One</u>	<u>Certificates of Deposit</u>	\$ <u>95,000</u>
2. <u>Baton Rouge Teachers Fed. Cr. Union</u>	<u>Checking</u>	<u>13,557</u>
3. <u>Baton Rouge Teachers Fed. Cr. Union</u>	<u>Savings</u>	<u>77,059</u>
4. _____	_____	_____
Total		\$ <u>185,616</u>

Cash in State Treasury	\$ <u>0</u>
Petty cash	\$ <u>0</u>

2. INVESTMENTS

The Louisiana State Board of Examiners of Psychologists does not maintain investment accounts.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement

As of and for the year ended June 30, 2004

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 statement of net assets of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity are 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
Capital assets not being depreciated							
Land		--	--	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	--
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
Total capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets							
Furniture, fixtures, and equipment	5,938	--	--	--	5,938	--	5,938
Less accumulated depreciation	(1,188)	(1,188)	--	--	(2,376)	--	(2,376)
Total furniture, fixtures, and equipment	4,750	(1,188)	--	--	3,562	--	3,562
Buildings and improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total buildings and improvements	--	--	--	--	--	--	--
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
Total other capital assets	4,750	(1,188)	--	--	3,562	--	3,562
Capital Asset Summary:							
Capital assets not being depreciated	--	--	--	--	--	--	--
Other capital assets, at cost	5,938	--	--	--	5,938	--	5,938
Total cost of capital assets	5,938	--	--	--	5,938	--	5,938
Less accumulated depreciation	(1,188)	(1,188)	--	--	(2,376)	--	(2,376)
Capital assets, net	4,750	(1,188)	--	--	3,562	--	3,562

* 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
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

E. INVENTORIES

There are no inventories.

F. RESTRICTED ASSETS

There are no restricted assets.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana State Board of Examiners of Psychologists has the following policy on annual and sick leave:

The earning of annual and sick leave is based on the equivalent of full-time state service. It is credited at the end of each regular pay period of 80 hours of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar years without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours is paid at the employee's current rate of pay. The employee is not paid for any unused sick leave. Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 2004, the Executive Director of the Board had accumulated and vested \$6,317 of employee leave benefits, which was computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16.

2. COMPENSATORY LEAVE

There is no compensatory leave.

H. RETIREMENT SYSTEM

One full-time employee of the Louisiana State Board of Examiners of Psychologists is a member of the La State Employees Retirement System (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 Examiners of Psychologists' 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

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004**

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 Louisiana State Board of Examiners of Psychologists is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal years ended June 30, 2004 and June 30, 2003 was 14.1% of annual covered payroll while 13% was required in the fiscal year ended June 30, 2002. The Louisiana State Board of Examiners of Psychologists' contributions to the System for the years ending June 30, 2004, 2003, and 2002, were \$0, \$5,039, and \$5,353, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

There were no retired employees and no post retirement health care and life insurance benefits.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2003-2004 amounted to \$18,445. A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014	FY2015-2019
Office space	\$ 18,445	\$ 19,957	\$ 19,957	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 18,445	\$ 19,957	\$ 19,957	\$ 0	\$ 0	\$ 0	\$ 0

2. CAPITAL LEASES

There are no capital leases.

3. LESSOR DIRECT FINANCING LEASES

There are no lessor direct financing leases.

4. LESSOR – OPERATING LEASE

There are no lessor operating leases.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2004:

	Balance June 30, <u>2003</u>	<u>Year ended June 30, 2004</u>		Balance June 30, <u>2004</u>	Amounts due within <u>one year</u>
		<u>Additions</u>	<u>Reductions</u>		
Bonds and notes payable:					
Notes payable	\$	\$	\$	\$	\$
Reimbursement contracts payable				--	
Bonds payable				--	
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable				--	
Compensated absences payable	5,733	584		6,317	
Capital lease obligations				--	
Liabilities payable from restricted assets				--	
Claims and litigation				--	
Other long-term liabilities				--	
Total other liabilities	<u>5,733</u>	<u>584</u>	<u>--</u>	<u>6,317</u>	<u>--</u>
Total long-term liabilities	<u>5,733</u>	<u>584</u>	<u>--</u>	<u>6,317</u>	<u>--</u>

L. LITIGATION

1. The Louisiana State Board of Examiners of Psychologists' legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements.
2. Claims and litigation costs of \$3,471 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS

There are no related party transactions.

N. ACCOUNTING CHANGES

There are no accounting changes other than the restatement of beginning net assets.

O. IN-KIND CONTRIBUTIONS

There are no in-kind contributions.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2004**

P. DEFEASED ISSUES

There are no defeased issues.

Q. COOPERATIVE ENDEAVORS

There are no cooperative endeavors.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

There are no government-mandated nonexchange transactions.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

There are no violations of finance-related legal or contractual provisions.

T. SHORT-TERM DEBT

There is no short-term debt.

U. DISAGGREGATION OF RECEIVABLE BALANCES

There is none.

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2004, were Vendors' Accounts Payable of \$2,708, Payroll Taxes and Health Insurance Payable of \$3,604, Payroll Payable of \$625, and Per Diem Payable of \$150.

W. SUBSEQUENT EVENTS

There are no subsequent events.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2004

X. SEGMENT INFORMATION

The Louisiana State Board of Examiners of Psychologists has no requirement for separate segment accounting.

Y. DUE TO/DUE FROM AND TRANSFER

There are none.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

There are no liabilities payable from restricted assets.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

No adjustments were made to restate beginning net assets for June 30, 2004

Fund balance 1-Jul-03 <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003 <u>As restated</u>
\$ 49,862	\$ ---	\$ 49,862
		--
		--
		--
		--
		--

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

12605 S. HARRELLS FERRY ROAD, SUITE 5
BATON ROUGE, LA 70816-2563

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MEMBER OF:

AMERICAN INSTITUTE OF CPAs
AICPA PRIVATE COMPANIES PRACTICE SECTION
SOCIETY OF LOUISIANA CPAs

To the Board Members of the
Louisiana State Board of Examiners of Psychologists

In planning and performing our audits of the financial statements of Louisiana State Board of Examiners of Psychologists for the years ended June 30, 2004 and 2003, we considered the Board's internal control 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.

However, we became aware of the following matter that is an opportunity for strengthening internal controls and operating efficiency. This comment does not affect our report dated August 19, 2004, on the financial statements of the Board.

Ethics Policy

We noted that the Board has not adopted a formal ethics policy. We recommend that a formal ethics policy be adopted, and that all Board members and employees review and certify annually their compliance with such policy. If Board members and employees are aware of the policy and review it annually, then the risk of unknowingly violating the policy would be reduced.

This report is intended solely for the information and use of the Board and management of Louisiana State Board of Examiners of Psychologists.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 19, 2004

**Management's Corrective Action Plan and
Response to the Finding and Recommendation**



LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

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August 30, 2004

Roy Chenevert, CPA
12605 S. Harrells Ferry Road, Suite 5
Baton Rouge, LA 70816-2563

Dear Mr. Chenevert:

On Friday, August 27, 2004, Margaret Franklin, an auditor from your office presented to me a "no findings" result of her audit of the LSBEP for the period 7/1/02 through 6/30/04. However, a letter to the Board was also presented from you recommending "that a formal ethics policy be adopted, and that all Board members and employees review and certify annually their compliance with such policy." Rebecca Thomas from the Legislative Fiscal Office informs us this it is not a requirement, but certainly is good business practice to have such a policy in place.

I have forwarded a copy of your recommendation to each Board member along with a copy of the Louisiana Ethics Commission's Code of Governmental Ethics found in Title 42, Public Officers and Employees of the Louisiana Administrative Code, for consideration and possible adoption as part of the LSBEP's Policy and Procedures at their next Board meeting. I have also spoken Dr. Linda Hartwell, the Board's current chair, regarding your recommendation. The LSBEP next meets on September 10, 2004. This item has been placed on their agenda for discussion and possible adoption. I will immediately forward to you the outcome of that discussion item.

Thank you for your interest and recommendations. Hopefully, this will sufficiently address any concern you may have had. It has been a pleasure working with Ms. Franklin, and we look forward to working with your firm again in two years.

Sincerely,

Brenda C. Ward
Executive Director