

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE  
 BUDGET, ZERO-BASED BASIS, AND ACTUAL  
 OPERATING FUND TYPE

FOR THE YEAR ENDED June 30, 1965

	Operating Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>RECEIPTS:</b>			
Licenses, permits and fees	\$22,470	\$25,999	\$ 3,529
Fines	22,000	23,419	1,419
Interest earned	8,000	9,293	1,293
Other remittance	4,000	5,109	1,109
<b>Total Receipts</b>	<b>\$36,470</b>	<b>\$39,820</b>	<b>\$3,350</b>
<b>DISBURSEMENTS:</b>			
Personal services and benefits	\$22,707	\$18,722	\$ 3,985
Professional services	23,000	26,862	3,862
Operating services	17,500	23,228	5,728
Materials and supplies	15,000	17,899	2,899
Travel and other charges	22,800	12,879	9,921
Capital outlay	3,500	2,981	519
<b>Total Disbursements</b>	<b>\$84,507</b>	<b>\$62,331</b>	<b>\$22,176</b>
<b>Excess of Receipts over Disbursements</b>	<b>\$ 8,263</b>	<b>\$ 37,489</b>	<b>\$ 29,226</b>
Cash Balance - July 1, 1964		<u>397,102</u>	
Cash Balance - June 30, 1965		<u>\$402,328</u>	

The accompanying notes are an integral part of this statement.

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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 1996 AND 1995  
AND  
INDEPENDENT AUDITOR'S REPORT

# DERBES & COMPANY

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September 24, 1996

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

In planning and performing our audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners (the Board), a component unit of the State of Louisiana, for the years ended June 30, 1995 and 1996, we considered the Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. Additionally, we performed tests of the Board's compliance with certain provisions of laws, regulations and contracts.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls, compliance with laws, regulations and contracts, and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the Board's internal control structure and compliance with laws, regulations and contracts in our report dated September 24, 1996. This letter does not affect our report dated September 24, 1996, on the financial statements of the Louisiana State Board of Practical Nurse Examiners, a component unit of the State of Louisiana.

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

Very truly yours,

DERBES & COMPANY

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

MEMBER OF THE AICPA  
MEMBER OF THE CPAA  
\* A FIRM COMPANY  
MEMBER OF THE AICPA

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
JUNE 22, 1988

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

1. **Control**

Currently, the Board utilizes a computer system with tailored software for issuing licenses and license renewals and modules for general ledger, payroll and accounts payable. All revenues are entered through general journal entries. All invoices are entered into the accounts payable and all checks (both payroll and non-payroll) are computer-generated. Board personnel have not been able to utilize general ledger reports for financial statement purposes due to lack of understanding of proper computer input, and continue to maintain a set of manual books for financial statement preparation.

**Recommendation**

We recommend that the Board obtain computer software capable of posting licensing and renewal revenues to the Real World computer general ledger system. We also recommend that Board staff receive sufficient software training to understand posting of accounts payable transactions to the general ledger and to utilize computer-generated reports for financial statement preparation.

**Management Response**

Management of the Board intends to obtain approval from the legislative Auditor for additional services to assist the staff in computer input and further utilization of computer output.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
 DEPARTMENT OF HEALTH AND HOSPITALS  
 STATE OF LOUISIANA  
 FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 1990 AND 1985

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A PROFESSIONAL  
MEMBERSHIP CORPORATION

## INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of  
Practical Nurse Examiners  
Department of Health and Hospitals  
Metairie, Louisiana

We have audited the accompanying financial statements of the Louisiana State Board of Practical Nurse Examiners (the Board), a component unit of the State of Louisiana as of June 30, 1998 and for the years ended June 30, 1998 and 1997, as listed in the table of contents. These financial statements are the responsibility of the Louisiana State Board of Practical Nurse Examiners. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the financial statements present only the Louisiana State Board of Practical Nurse Examiners, and are not intended to present fairly the financial position of the State of Louisiana and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 1998 on our consideration of the Board's internal control structure and a report dated September 24, 1998 on its compliance with laws and regulations.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Practical Nurse Examiners of the State of Louisiana as of June 30, 1996, and the results of its operations for the years ended June 30, 1996 and 1995 in conformity with generally accepted accounting principles.

*Dale Humphrey*

September 26, 1996  
Metairie, Louisiana

LOUISIANA STATE BOARD OF PARATICAL TREE EXAMINERS  
 DEPARTMENT OF HEALTH AND HOSPITALS  
 STATE OF LOUISIANA

SALARYS ORDER -  
 ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1988

Governmental

	General Fund	Special Fund	Capital Fund	Trust Fund	Total (Memorandum only)
<u>ASSETS AND OTHER DEBITS</u>					
Cash and cash equivalents	850,000	0	0	0	850,000
Prepaid expenses	4,000	0	0	0	4,000
Fund assets	0	60,874	0	0	60,874
Amount to be provided for retirement of general long-term obligations	0	0	0	0	0
<u>Total Assets</u>	<u>854,000</u>	<u>60,874</u>	<u>0</u>	<u>0</u>	<u>914,874</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts payable and accrued expenses	0	0	0	0	0
Accumulated annual leave	0	0	0	0	0
<u>Total Liabilities</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>FUND EQUITY</u>					
Treatment in general fund assets	0	0	0	0	0
Fund balance - appropriated and undesignated	854,000	60,874	0	0	914,874
<u>Total Fund Equity</u>	<u>854,000</u>	<u>60,874</u>	<u>0</u>	<u>0</u>	<u>914,874</u>
<u>Total Liabilities and Fund Equity</u>	<u>854,000</u>	<u>60,874</u>	<u>0</u>	<u>0</u>	<u>914,874</u>

The accompanying notes are an integral part of this statement.



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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE  
 BUDGET (FUND-BASED BASIS) AND ACTUALS  
 ENVIRONMENTAL FUND TYPE

FOR THE YEAR ENDED June 30, 1986

	General Fund		Variance- Favorable (Disfavorable)
	Budget	Actuals	
<b>RECEIPTS:</b>			
License, permits and fees	850,000	850,000	\$ 10,900
Fines	11,000	36,734	24,734
Interest earned	3,000	14,479	11,479
Other revenues	6,000	6,136	1,136
<b>Total Receipts</b>	<u>870,000</u>	<u>907,349</u>	<u>37,349</u>
<b>DISBURSEMENTS:</b>			
National services and benefits	306,130	341,899	129,160
Professional services	48,000	32,480	15,520
Operating services	80,000	95,893	15,893
Materials and supplies	10,000	50,936	10,936
Travel and other charges	18,000	13,403	4,597
Capital outlay	6,000	3,364	2,636
<b>Total Disbursements</b>	<u>508,130</u>	<u>598,975</u>	<u>(129,702)</u>
<b>Excess of Receipts Over Disbursements</b>	<u>\$ 361,870</u>	<u>408,402</u>	<u>\$ 46,532</u>
Cash Balance - July 1, 1985		<u>483,909</u>	<u>\$ 21,439</u>
Cash Balance - June 30, 1986		<u>532,832</u>	

The accompanying notes are an integral part of this statement.

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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Louisiana State Board of Practical Nurse Examiners (the Board) is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute (LSA-R.S.) 37:502. LSA-R.S. 34:803 transferred the supervision and control of the Louisiana State Board of Practical Nurse Examiners to the Department of Health and Hospitals. The Board is currently composed of twelve members who are appointed by and serve at the pleasure of the Governor for terms of six years. The Board is charged with the responsibility of licensing and regulating practical nurses. Operations of the Board are funded through self-generated revenues. At June 30, 1994 approximately 28,400 practical nurses were licensed.

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. In June 1987, the GASB issued a revised codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana State Board of Practical Nurse Examiners prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the Governor appoints the Board members, and public services are rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Practical Nurse Examiners, a component unit of the State of Louisiana.

Annually, the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration -Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Fund Accounting

The accounts of the Louisiana State Board of Practical Nurse Examiners are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in these individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds presented in the financial statements are described as follows:

General Fund

The General Fund is the principal fund and is used to account for the general operations of the Board. The various license fees and charges due the Board are accounted for in this fund. General operating expenditures are paid from this fund.

B. General Fixed Assets and General Long-Term Obligations

Fixed assets used in the governmental fund type operations (General Fixed Assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations expected to be financed from governmental funds are accounted for in the General Long-Term Obligation Account Group, not in the governmental funds. The only long-term obligation of the Board is for accrued annual leave.

The two account groups are not "funds". They are concerned only with the measurement of financial position, not with measurement of results of operations.

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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Board's records are maintained on the modified accrual basis of accounting using the following practices:

Revenues

Licenses fees, as well as other revenues, are reported when received. Licenses must be renewed annually by January 31 and are considered delinquent after that date. Interest income on short-term investments is recognized as it is earned.

Expenditures

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

2 - BUDGET PRACTICES

Annually the Board adopts a budget that is submitted to the Department of Health and Hospitals, as prescribed by LAH-R.S. 14:601. The budget for the fiscal year ended June 30, 1994, adopted on October 1, 1993 and amended once on February 3, 1994, was prepared and reported on cash estimates. The budget for the fiscal year ended June 30, 1995, adopted on February 3, 1994 and amended once on March 2, 1994 was prepared and reported based on cash estimates. The Board did not budget its beginning cash balances. Although budget accretion lapsed at year-end, the Board retains its unexpended fund balance to fund expenditures of the succeeding year. Formal budget integration is employed as a management control device during the year.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

2 - BUDGET PRACTICES (continued)

The expenditures shown on the statement of revenues, expenditures and changes in fund balance are reconciled with the disbursements reflected on the statements of receipts, disbursements and changes in cash balance - budget (non-GAAP) and actual as follows:

	1994	1995
Statement of revenues, expenditures and changes in fund balance - expenditures	\$518,061	\$518,968
Less: Current year payables	(24,693)	(24,418)
ADD: Prior year payables current year prepaid	26,429 4,941	3,988 -----2-
Statement of receipts, disbursements and changes in cash balance - budget (non-GAAP) and actual - disbursements	\$520,722	\$518,548

Substantial budget variances for the years ended June 30, 1994 and 1995 are explained as follows:

Title	Variance- Favorable (Unfavorable)	Comments
June 30, 1994:		
Personnel services and benefits	\$(29,143)	Due to the Board's move to new office space during the fiscal year ended June 30, 1995, it was necessary to hire a receptionist. This position and the related benefits were not taken into account when the 1995-1996 budget was awarded on March 1, 1996.

### Collateralization of Cash Deposits

As disclosed in Note 3 of the financial statements, at June 30, 1994 deposits held by Jefferson Guaranty Bank were under-collateralized by \$3,371. We also noted several instances during the fiscal years ended June 30, 1993 and 1994 where bank balances were undercollateralized. USA-R.S. 19:1225 requires that "the amount of the security shall at all times be equal to 100% of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States."

### Recommendation

We recommend that the board enter into collateral agreements with its depository banks to assure adequate security for its deposits. We also recommend that the board develop a system to monitor the amount of collateral pledged against deposits (bank balances as well as book balances) on a regular basis.

### Management Response

At this time, management has been notified that Jefferson Guaranty Bank will be experiencing shortages by January, 1997 (although this has not been confirmed in writing). The Board will hereafter monitor deposits and roll amounts in excess of FDIC coverage into First National Bank of Commerce, which provides collateral in accordance with state requirements. (Jefferson Guaranty Bank was chosen as a depository due to convenient access to our new offices, especially during the licensing renewal period when many large deposits are made.)

In conjunction with the audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners as of and for the year ended June 30, 1994, performed by the Legislative Auditor of the State of Louisiana dated July 19, 1994, certain instances of violations of laws and regulations not material to the financial statements were noted in the report on compliance with laws and regulations. Management of the Board has addressed and corrected these matters subsequent to the issuance of the June 30, 1994 financial statements.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

September 24, 1994  
Metairie, Louisiana



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LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND TYPE

FOR THE YEARS ENDING June 30, 1956 and 1955

	<u>General Fund</u>	
	<u>1956</u>	<u>1955</u>
<b>Revenues:</b>		
Licenses, permits and fees	\$528,284	\$515,846
Fines	35,734	20,419
Use of money and property - interest earnings	54,478	9,383
Other revenues	—8,138	—8,300
<b>Total Revenues</b>	<b>526,634</b>	<b>554,366</b>
<b>Expenditures:</b>		
<b>General government:</b>		
Personal services and related benefits	354,731	337,327
Professional services	58,859	43,363
Operating services	68,463	87,133
Materials and supplies	38,408	37,888
Travel and other charges	13,158	13,773
Capital outlay	—2,366	—2,881
<b>Total Expenditures</b>	<b>510,861</b>	<b>520,261</b>
<b>Excess of Revenues       over Expenditures</b>	<b>66,173</b>	<b>34,104</b>
<b>Fund Balance - beginning of year</b>	<b>448,868</b>	<b>393,101</b>
<b>Fund Balance - end of year</b>	<b>\$513,882</b>	<b>\$448,209</b>

The accompanying notes are an  
integral part of this statement.

# DERBES & COMPANY

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MEMBER OF THE NATIONAL ASSOCIATION OF ACCOUNTING FIRM OWNERS

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Louisiana State Board of Practical Farm Examiners (the Board), a component unit of the state of Louisiana, as of June 30, 1996 and for the years ended June 30, 1995 and 1996, and have issued our report thereon dated September 21, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Audit Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Louisiana State Board of Practical Farm Examiners is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.



LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

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NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

3 - CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits, and certification 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 certification of deposit of state banks organized under the laws of the State of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

At June 30, 1986, the carrying amount of the Board's deposits was \$512,886 and the bank balance was \$529,885. Of the bank balance, \$479,824 was covered by federal depository insurance.

Certificates of deposit at June 30, 1986 consist of the following:

Depository	Date of Origin	Term Maturity	Interest Rate	Amount	Accrued Interest
Waltrey National Bank	01/06/86	01/05/87	5.00%	\$ 27,348	\$ 640
Waltrey National Bank	08/24/86	08/20/86	4.10%	98,171	19
Hibernia National Bank	01/11/86	01/11/87	5.25%	83,780	2,043
Metairie & Trust Bank of	01/13/86	01/12/87	4.25%	83,600	1,445
Lafayette Bank of	01/05/86	01/05/87	5.00%	25,000	686
Lafayette Bank of	01/05/86	01/05/87	5.00%	25,000	686
Lafayette Bank of	02/02/86	02/02/87	5.00%	25,000	918
Totals				<u>\$522,886</u>	<u>\$5,123</u>

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MEMBER: A. C. DERBES, III, CPA  
MEMBER: J. F. DERBES, CPA  
A CORPORATION  
MEMBER: COMPANY 000

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Louisiana State Board of Practical  
Nurse Examiners  
Department of Health and Hospital  
Retainers, Louisiana

We have audited the financial statements of the Louisiana State Board of Practical Nurse Examiners, a component unit of the State of Louisiana, as of June 30, 1996 and for the years ended June 30, 1994 and 1995, and have issued our report thereon, dated September 24, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Audit Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Code. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to the Louisiana State Board of Practical Nurse Examiners is the responsibility of the Board. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Board's compliance with certain laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following material instances of noncompliance that is required to be reported under Government Auditing standards.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS  
 DEPARTMENT OF HEALTH AND HOSPITALS  
 STATE OF LOUISIANA

SCHEDULE OF COMPENSATION OF BOARD MEMBERS  
 FOR THE YEARS ENDING JUNE 30, 1986 AND 1985

	Meetings Attended		Compensation	
	June 30, 1984	June 30, 1985	June 30, 1984	June 30, 1985
P. A. Beaudouin, Jr., M.D.	4	4	\$ 375	\$ 300
Malcolm J. Birdwell, M.D.	2	0	150	0
Wally Chancellor, L.P.N.	8	7	450	300
Ann B. Cobb, M.D.	4	4	300	300
Mary Fainley, M.P.P.	4	4	300	300
Tom Fennell, R.M.	8	8	600	480
Pat Jernigan, R.S.	4	7	450	325
Ann Lane, R.N.	6	7	450	325
Don Phillips, L.P.N.	9	7	475	325
Keith Strubben, M.D.	4	6	300	450
J. C. Turnley, M.D.	3	4	225	300
Thelma Williamson, L.P.N.	6	4	450	300
	60	54	\$ 4,500	\$ 4,500

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 56 of the 1978 Session of the Louisiana Legislature. Board members are paid \$75 for each board meeting they attend, as authorized by LA-S.S. 37:909.

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• APPROX. 100 CONSULTANTS

## ACCOUNTANTS' REPORT ON SUPPLEMENTARY DATA

We have reported separately herein on the basic financial statements of the Louisiana State Board of Practical Nurse Examiners. The supplementary information included in the Schedule of Compensation of Board Members has been subjected to the same auditing procedures and, in our opinion, is stated fairly in all material respects when considered in conjunction with the basic financial statements taken as a whole.

*Debra Montgomery*

September 24, 1998  
Metairie, Louisiana

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

12 - DEFERRED COMPENSATION PLAN

Certain employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
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NOTICE TO FINANCIAL STATEMENTS  
(CONTINUED)

9 - LEASE (Continued)

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

June 30,	
1997	\$ 10,200
1998	10,200
1999	10,200
2000	5,200
2001	-----00
	\$31,800

10 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the two years ended June 30, 1996:

Accumulated annual leave at June 30, 1994	\$26,342
Additions	6,679
Reductions	-----00
Accumulated annual leave at June 30, 1995	33,021
Additions	1,861
Reductions	-----00
Accumulated annual leave at June 30, 1996	\$34,882

Many of the Board's employees have accumulated annual leave in excess of the 160 hour maximum referred to in Note 4. Therefore, increases in accumulated annual leave arise primarily from annual increases in hourly wage rates applied to the hours accumulated.

11 - LITIGATION AND CLAIMS

At June 30, 1996, the Board was not involved in any litigation and was not aware of any claims which would not be covered by insurance as provided by coverages self-insured by the Louisiana Department of Risk Management. During the years ended June 30, 1994 and 1995, legal fees of \$18,018 and \$20,210, respectively, were incurred and recorded as a current year expenditure in the general fund.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
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NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

7 - EMPLOYEE PENSION PLAN (Continued)

All full-time Board employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 50% plus 2.5 per cent of their highest consecutive 18 months' average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 10 years of service, (b) age 52 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by state statute.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's 1994 comprehensive annual financial report. Benefits granted by the System are guaranteed by the state of Louisiana under the Louisiana Constitution of 1974.

8 - POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Board employees become eligible for these benefits as they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Board. The Board recognizes the cost of providing these benefits (Board's portion of premiums) as an expenditure when paid during the year, which totaled \$13,823 and \$10,883 for the years ended June 30, 1994 and 1995, respectively. For the years ended June 30, 1996 and 1997, the costs of retiree benefits totaled \$280 and \$288, respectively.

9 - LEASE

The Board occupies leased premises at 2071 N. Causeway Blvd., Suite 207, Metairie, Louisiana on a five-year operating lease which expires July 31, 1998. The lease requires monthly rental payments of \$3,200. All taxes, utilities and building maintenance are paid by the lessee. Total expense for the years ended June 30, 1994 and 1995 was \$38,399 and \$40,180, respectively.

LOUISIANA STATE BOARD OF PRACTICAL NURSE TRAINING  
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NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

6 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets follows:

Balance, June 30, 1994	\$83,335
Additions	2,881
Dispositions	-----0-
Balance, June 30, 1995	\$86,116
Additions	1,784
Dispositions	12,983
Balance, June 30, 1996	\$74,917

In accordance with LSA-R.S. 19:301-303, the Board has complied with the Louisiana movable property statutes.

7 - EMPLOYEE PENSION PLAN

Substantially all employees of the Board are members of the Louisiana State Employees Retirement System (System), a cost-sharing multiple-employer defined benefit public employees retirement system (PERS). The System is a statewide public retirement system for the benefit of state agencies, which is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana legislature. In addition to the employee contribution withheld at 7.5% of covered payroll, the Board contributed an additional 12.8% and 11.8% of covered payroll for the years ended June 30, 1994 and 1995, respectively. Contributions to the System were funded through employee and employer contributions of \$21,645 and \$34,632, respectively, for the year ended June 30, 1996. Contributions to the System were funded through employee and employer contributions of \$18,506 and \$20,249, respectively, for the year ended June 30, 1995. The Board contributed \$18,632, \$18,949 and \$20,286 to the System for the years ended June 30, 1994, 1995 and 1996, respectively, which represented 100% of the required contribution for each year. The total payroll of the agency was \$293,282 and its payroll covered by the System was \$220,024 for the year ended June 30, 1994. The total payroll of the agency was \$266,785 and its payroll covered by the System was \$209,816 for the year ended June 30, 1995. Under present statutes, the board does not guarantee any of the benefits granted by the System.



LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
DEPARTMENT OF HEALTH AND HOSPITALS  
STATE OF LOUISIANA

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NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)

4 - VACATION AND SICK LEAVE

The Louisiana State Board of Practical Nurse Examiners has the following policy related to vacation and sick leave:

Employees earn vacation and sick leave at rates established by the Louisiana Department of Civil Service. The rate varies from twelve days of vacation time and twelve days of sick leave per year for new employees up to twenty-four days of each for employees with over fifteen years of service. Employees can carry over unused time indefinitely. Upon termination of employment, the Board is obligated to pay the employee at their current hourly rate for all unused vacation time up to 200 hours.

At June 30, 1988, employees of the Board had accumulated and vested \$18,482 of employee leave benefits, which was computed in accordance with GASB Codification Section 660. Of this amount, \$-0- is recorded as an obligation of the General Fund and \$18,482 is recorded within the General Long-Term Obligation Account Group because the Board does not expect to pay it out of current resources. No liability has been recorded for accumulated vacation time in excess of 200 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

5 - TOTAL FUNDS ON BALANCE SHEET

The total column on the balance sheet is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Sets in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Since the Louisiana State Board of Practical Nurse Examiners consists of only one fund, no memorandum totals are presented on the Statement of Revenues, Expenditures and Changes in Fund Balance or the Statement of Receipts, Disbursements and Cash Balance - Budget (NON-GRAP Basis) and Actuals.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS  
 DEPARTMENT OF HEALTH AND HOSPITALS  
 STATE OF LOUISIANA

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NOTES TO FINANCIAL STATEMENTS  
 (CONTINUED)

1 - CASH AND CASH EQUIVALENTS (Continued)

Certificates of deposit are insured by the Federal Deposit Insurance Corporation.

As reflected on the balance sheet, the Board had cash and cash equivalents totaling \$522,028 at June 30, 1996. Cash and cash equivalents are stated at cost, which approximates market. Under state law these deposits must be secured by Federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at June 30, 1996 were secured as follows:

	—Cash—	Certificates of Deposit	Total
Carrying Amount on Balance Sheet	\$188,372	\$333,656	\$522,028
Bank Balances:			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$188,372	\$337,890	\$526,262
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-0-	-0-	-0-
3. Uncollateralized, including any securities held for the entity but not in the entity's name	3,171	-0-	3,171
TOTAL Bank Balances	\$222,028	\$327,028	\$549,056

In planning and performing our audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners for the years ended June 30, 1986 and 1985, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to management of the Board in a separate letter dated September 24, 1986.

In conjunction with the audit of the financial statements of the Louisiana State Board of Practical Nurse Examiners as of and for the year ended June 30, 1984, performed by the Legislative Auditor of the State of Louisiana dated July 19, 1986, certain reportable conditions were noted in the report on internal control structure. Management of the Board has addressed and corrected these matters subsequent to the issuance of the June 30, 1984 financial statements.

This report is intended for the information of management, the Department of Health and Hospitals, the Legislative Auditor of the State of Louisiana, and the Office of Statewide Reporting and Accounting Policy. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Daniel R. Compney*

September 24, 1986  
Metairie, Louisiana