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LOUISIANA BOARD OF HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MONROE, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

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

Release Date ~~OCT 06 1999~~

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS STATE OF LOUISIANA
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INDEPENDENT AUDITOR'S REPORT

Louisiana Board for Hearing Aid Dealers
Department of Health and Hospitals
State of Louisiana
Monroe, Louisiana

We have audited the accompanying component unit financial statements of the Louisiana Board for Hearing Aid Dealers a compound unit of the State of Louisiana, as of and for the years ended June 30, 1999 and 1998, as listed in the table of contents. These component unit financial statements are the responsibility of the Louisiana Board for Hearing Aid Dealer's, management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Board for Hearing Aid Dealers, as of June 30, 1999 and 1998, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 1999, on our consideration of the Louisiana Board for Hearing Aid Dealer's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Louisiana Board for Hearing Aid Dealers has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, as amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the Board is or will become year 2000 compliant, that the Board's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Board does business are or will become year 2000 compliant.

Marcus Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
September 22, 1999

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS STATE OF LOUISIANA
BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999 AND 1998

	JUNE 30, 1999		
	GOVERNMENTAL FUND - <u>GENERAL FUND</u>	ACCOUNT GROUP - GENERAL FIXED <u>ASSETS</u>	TOTAL (MEMORANDUM ONLY) <u>ONLY</u>
<u>ASSETS</u>			
Cash (Note 2)	42,244	0	42,244
Fixed Assets (Note 3)	<u>0</u>	<u>5,783</u>	<u>5,783</u>
<u>TOTAL ASSETS</u>	<u>42,244</u>	<u>5,783</u>	<u>48,027</u>
<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>			
Liabilities - Accounts Payable	<u>804</u>	<u>0</u>	<u>804</u>
Equity and Other Credits:			
Investment in General Fixed Assets	0	5,783	5,783
Fund Balance - Unreserved - Undesignated	<u>41,440</u>	<u>0</u>	<u>41,440</u>
<u>TOTAL EQUITY AND OTHER CREDITS</u>	<u>41,440</u>	<u>5,783</u>	<u>47,223</u>
<u>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</u>	<u>42,244</u>	<u>5,783</u>	<u>48,027</u>

See Notes to Financial Statements

JUNE 30, 1998

GOVERNMENTAL FUND - <u>GENERAL FUND</u>	ACCOUNT GROUP - GENERAL FIXED <u>ASSETS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
46,183	0	46,183
<u>0</u>	<u>5,783</u>	<u>5,783</u>
<u>46,183</u>	<u>5,783</u>	<u>51,966</u>
<u>874</u>	<u>0</u>	<u>874</u>
0	5,783	5,783
<u>45,309</u>	<u>0</u>	<u>45,309</u>
<u>45,309</u>	<u>5,783</u>	<u>51,092</u>
<u>46,183</u>	<u>5,783</u>	<u>51,966</u>

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
<u>REVENUES</u>		
Licenses and Fees	15,670	17,115
Interest Earnings	<u>1,682</u>	<u>1,317</u>
 <u>TOTAL REVENUES</u>	 17,352	 18,432
<u>EXPENDITURES</u>		
Public Safety - Other Protection - Examination of Licensed Occupations:		
Personal Services and Related Benefits	8,918	9,934
Operating Services	4,510	4,825
Materials and Supplies	975	1,124
Travel	3,983	2,851
Legal Expenses and Accounting	<u>2,835</u>	<u>3,736</u>
 <u>TOTAL EXPENDITURES</u>	 <u>21,221</u>	 <u>22,470</u>
 <u>EXCESS OF EXPENDITURES OVER REVENUES</u>	 (3,869)	 (4,038)
 <u>FUND BALANCE AT BEGINNING OF YEAR</u>	 <u>45,309</u>	 <u>49,347</u>
 <u>FUND BALANCE AT END OF YEAR</u>	 <u>41,440</u>	 <u>45,309</u>

See Notes to Financial Statements

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
STATE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE
BUDGET (CASH BASIS) AND ACTUAL
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	1999		VARIANCE FAVORABLE (UNFAVORABLE)
	<u>BUDGET</u>	<u>ACTUAL</u>	
<u>RECEIPTS</u>			
Full Licenses	15,500	11,700	(3,800)
Late Fees	400	600	200
Temporary Licenses	2,750	1,530	(1,220)
Full License Applications	1,000	500	(500)
Temporary Renewals	325	25	(300)
Examinations and Certificates	1,900	1,050	(850)
Miscellaneous	240	265	25
Interest Earnings	<u>0</u>	<u>1,682</u>	<u>1,682</u>
<u>TOTAL RECEIPTS</u>	<u>22,115</u>	<u>17,352</u>	<u>(4,763)</u>
<u>DISBURSEMENTS</u>			
Professional:			
Legal Expense	1,000	2,835	(1,835)
Accounting	2,500	0	2,500
Equipment / Acquisitions	0	0	0
Supplies:			
Office Supplies	200	209	(9)
Operating Supplies:			
Examinations	800	930	(130)
Certificates	75	45	30
Operating Expenses:			
Rent	1,800	1,800	0
Printing	250	109	141
Postage	350	386	(36)
Telephone	500	454	46
Insurance	385	611	(226)
Equipment Rental	400	433	(33)
Board Meetings	905	771	134
Contract - Administrative Secretary	10,000	9,027	973
Miscellaneous	350	470	(120)
Travel:			
Board Meeting	1,600	2,209	(609)
National Hearing Aid Society Meeting	<u>1,000</u>	<u>1,002</u>	<u>(2)</u>
<u>TOTAL EXPENDITURES</u>	<u>22,115</u>	<u>21,291</u>	<u>824</u>
<u>EXCESS OF DISBURSEMENTS OVER RECEIPTS</u>	<u>0</u>	<u>(3,939)</u>	<u>(3,939)</u>
<u>CASH BALANCE AT BEGINNING OF YEAR</u>		<u>46,183</u>	
<u>CASH BALANCE AT END OF YEAR</u>		<u>42,244</u>	

See Notes to Financial Statements

1998		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
15,500	11,700	(3,800)
400	500	100
2,750	1,980	(770)
1,000	1,300	300
325	75	(250)
1,900	1,150	(950)
240	410	170
<u>0</u>	<u>1,317</u>	<u>1,317</u>
<u>22,115</u>	<u>18,432</u>	<u>(3,683)</u>
1,000	1,237	(237)
2,500	2,500	0
0	0	0
200	174	26
600	910	(310)
75	40	35
1,800	1,800	0
250	554	(354)
350	380	(30)
500	482	18
990	385	605
400	419	(19)
500	866	(366)
10,000	10,000	0
350	803	(453)
1,600	1,985	(385)
<u>1,000</u>	<u>0</u>	<u>1,000</u>
<u>22,115</u>	<u>22,535</u>	<u>(420)</u>
<u>0</u>	(4,103)	<u>(4,103)</u>
	<u>50,286</u>	
	<u>46,183</u>	

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INTRODUCTION

The Louisiana Board for Hearing Aid Dealers is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statutes 37:2441-2465. The board is composed of nine members who are appointed by the governor, seven of whom serve four-year terms and two who serve at the pleasure of the governor. The board members serve without compensation. Board members are selected from a list of names submitted by the Louisiana Society of Hearing Aid Specialists. The board administers examinations and issues, renews, suspends, or revokes licenses of persons engaged in the selling and fitting of hearing aids in the State of Louisiana. Operations of the board are funded entirely through self-generated revenues. As of June 30, 1999 and 1998, there were 117 and 117 licensed hearing aid dealers in the state, respectively.

A. BASIS OF PRESENTATION

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. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

B. 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 statements present information only as to the transactions of the programs of the Louisiana State Board for Hearing Aid Dealers, 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 audited by the Louisiana Legislative Auditor.

C. FUND ACCOUNTING

The board uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. FUND ACCOUNTING - CONTINUED

The General Fund of the board is classified as a governmental fund and is the general operating fund of the board and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The operating statement of this fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

The General Fund uses the following practices in recording revenues and expenditures:

Revenues

Examination and license fees are recorded in the year they are received, which approximate when measurable and available. Licenses must be renewed by January 1 and are considered delinquent after 30 days. All other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. BUDGET PRACTICES

The board adopts an annual budget that is submitted to the Louisiana Department of Health and Hospitals in compliance with Louisiana Revised Statute 36:803. The budgets were prepared and reported based on cash estimates. The board did budget its beginning cash balance. Formal budget integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements represent the financial amended budget.

The expenditures shown on page 4 are reconciled with amounts reflected on the budget as follows:

	<u>1999</u>	<u>1998</u>
Page 4 Expenditures	21,221	22,470
Add: Prior Year Payables	874	939
Less: Current Year Payables	<u>804</u>	<u>(874)</u>
Page 5-6 Disbursements	<u>21,291</u>	<u>22,535</u>

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. CASH

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

G. FIXED ASSETS AND GENERAL LONG-TERM OBLIGATIONS

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. Depreciation has not been provided on general fixed assets. All fixed assets are valued at historical cost. The account group is not a fund. It is concerned only with the measurement of financial position, not with measurement of results of operations. The board has no general long-term obligations.

H. COMPENSATED ABSENCES, POSTRETIREMENT BENEFITS, AND PENSION PLAN

The board has no employees; therefore, the board has not established leave policies, does not pay postretirement benefits, and does not contribute to a pension plan.

I. TOTAL COLUMN ON BALANCE SHEET

The total column on the balance sheet is captioned Memorandum Only (overview) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position. Neither is such data comparable to a consolidation.

NOTE 2 - CASH

At June 30, 1999 and 1998, the board has cash (book balances) totaling \$42,244 and \$46,183 in demand deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on the deposit with the fiscal agent. At June 30, 1999 and 1998, the board has \$42,306 and \$46,497 in deposits (collected bank balances), which are fully secured from risk by federal deposit insurance.

LOUISIANA BOARD FOR HEARING AID DEALERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets for the years ended June 30, 1999 and 1998.

	<u>OFFICE FURNITURE & EQUIPMENT</u>
Beginning Balance July 1, 1997	5,783
Additions	0
Deletions	<u>0</u>
Balance June 30, 1998	5,783
Additions	0
Deletions	<u>0</u>
Balance June 30, 1999	<u>5,783</u>

NOTE 4 - LEASE OBLIGATIONS/RELATED PARTY TRANSACTIONS

The board is leasing office space at \$150 per month from a local hearing aid dealer. The current lease will expire 4/30/01.

NOTE 5 - LITIGATION AND CLAIMS

There is no litigation pending against the board at June 30, 1999 and 1998.

NOTE 6 - OFFICE ADMINISTRATION

The administrative and accounting functions of the board are performed by contract.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Louisiana Board for Hearing Aid Dealers
Department of Health and Hospitals
State of Louisiana
Monroe, Louisiana

We have audited the component unit financial statements of the Louisiana Board for Hearing Aid Dealers, as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated September 22, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 Board for Hearing Aid Dealer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 one instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings and questioned cost as item 99/98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Board for Hearing Aid Dealers's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board and the Legislative Auditor of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
September 22, 1999

LOUISIANA BOARD OF HEARING AID DEALERS
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AS FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

PART I - Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was unqualified.
- ii. There were no reportable conditions required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.
- iii. There was one instance of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Findings Reference # and Title:

Excess Cash

Condition:

The fees charged in the current years do not appear excessive in relation to the cost of services rendered. However, the Board has accumulated undesignated cash balances in excess of the current year expenditures for the years ended June 30, 1999 and 1998.

Management Response

The Board feels it is necessary to have this surplus due to decreasing revenues and/or in the event of litigation which could occur at any time.

Audit of Federal Awards

During the years ended June 30, 1999 and 1998, there were no federal financial assistance received by the Louisiana Board of Hearing Aid Dealers.

PART II - Finding(s) relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE