

STATE OF LOUISIANA LEGISLATIVE AUDITOR

State Board of Certified Public
Accountants of Louisiana
Department of Economic Development
State of Louisiana
New Orleans, Louisiana

December 8, 1997



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LEGISLATIVE AUDITOR
STATE OF LOUISIANA
NEW ORLEANS, LA 70112

Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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LEGISLATIVE AUDITOR

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**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

**General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1997, and for the
Years Ended June 30, 1997 and 1996
With Supplemental Information Schedule**

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

December 8, 1997

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

General Purpose Financial Statements
and Independent Auditor's Reports
As of June 30, 1997, and for the Years
Ended June 30, 1997 and 1996
With Supplemental Information Schedule

CONTENTS

| | Statement | Page No. |
|--|------------------|-----------------|
| Independent Auditor's Report on the Financial Statements | | 2 |
| General Purpose Financial Statements: | | |
| Balance Sheet - All Fund Types and Account Groups | A | 4 |
| Governmental Fund - General Fund: | | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | B | 5 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual | C | 6 |
| Notes to the Financial Statements | | 10 |
| | Schedule | Page No. |
| Supplemental Information Schedule - Schedule of Per Diem Paid Board Members | 1 | 18 |
| | Exhibit | |
| Other Report Required by <i>Government Auditing Standards</i> - Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements | A | |



OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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November 5, 1997

Independent Auditor's Report
on the Financial Statements

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

We have audited the accompanying general purpose financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, as listed in the foregoing table of contents. These financial statements are the responsibility of the State Board of Certified Public Accountants of Louisiana. 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 and *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements present fairly, in all material respects, the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 1997, and the results of operations for the years ended June 30, 1997 and 1996, in conformity with generally accepted accounting principles.

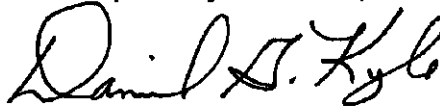
LEGISLATIVE AUDITOR

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
Audit Report, June 30, 1997

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 1997, on our consideration of the board's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the State Board of Certified Public Accountants of Louisiana. Such information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

LOC:THC:sds

[CPA-BD]

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS**

Balance Sheet, June 30, 1997

| | GOVERNMENTAL FUND - GENERAL FUND | ACCOUNT GROUPS | | TOTAL (MEMORANDUM ONLY) |
|--|--|----------------------------|-------------------------------------|-------------------------------|
| | | GENERAL FIXED ASSETS | GENERAL LONG-TERM OBLIGATIONS | |
| ASSETS AND OTHER DEBITS | | | | |
| Assets: | | | | |
| Cash and cash equivalents (note 2) | \$579,257 | | | \$579,257 |
| Accounts receivable | 1,202 | | | 1,202 |
| Accrued interest - time deposits | 1,311 | | | 1,311 |
| Prepaid items | 2,188 | | | 2,188 |
| Fixed assets (note 3) | | \$220,708 | | 220,708 |
| Other Debits - amount to be provided for compensated absences | | | \$28,547 | 28,547 |
| TOTAL ASSETS AND OTHER DEBITS | \$583,958 | \$220,708 | \$28,547 | \$833,213 |
| LIABILITIES, FUND EQUITY, AND OTHER CREDITS | | | | |
| Liabilities: | | | | |
| Accounts payable | \$6,717 | | | \$6,717 |
| Payroll deductions and withholdings payable | 1,146 | | | 1,146 |
| Deferred revenue | 3,750 | | | 3,750 |
| Long-term obligations (note 7) | | | \$28,547 | 28,547 |
| Total Liabilities | 11,613 | NONE | 28,547 | 40,160 |
| Equity and Other Credits: | | | | |
| Investment in general fixed assets | | \$220,708 | | 220,708 |
| Fund balance - reserved (note 10) | 2,188 | | | 2,188 |
| Fund balance - unreserved - undesignated | 570,157 | | | 570,157 |
| Total Equity and Other Credits | 572,345 | 220,708 | NONE | 793,053 |
| TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS | \$583,958 | \$220,708 | \$28,547 | \$833,213 |

The accompanying notes are an integral part of this statement.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND**

**Statement of Revenues, Expenditures,
and Changes in Fund Balance
For the Years Ended June 30, 1997 and 1996**

| | <u>JUNE 30, 1997</u> | <u>JUNE 30, 1996</u> |
|--|----------------------|----------------------|
| REVENUES | | |
| Licenses, fees, fines, and penalties | \$549,336 | \$555,999 |
| Use of money and property - interest earnings | 27,109 | 26,356 |
| Other | 4,822 | 5,350 |
| Total revenues | <u>581,267</u> | <u>587,705</u> |
| EXPENDITURES | | |
| General government: | | |
| Personal services and related benefits | 328,450 | 350,195 |
| Operating services | 121,120 | 107,304 |
| Materials and supplies | 11,232 | 12,393 |
| Travel and other charges | 137,319 | 58,547 |
| Capital outlay - fixed assets | 12,483 | 6,553 |
| Total expenditures | <u>610,604</u> | <u>534,992</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (29,337) | 52,713 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>601,682</u> | <u>548,969</u> |
| FUND BALANCE AT END OF YEAR | <u>\$572,345</u> | <u>\$601,682</u> |

The accompanying notes are an integral part of this statement.

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP Basis) and Actual
For the Years Ended June 30, 1997 and 1996

| | JUNE 30, 1997 | | |
|---|----------------|----------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES | | | |
| Fees: | | | |
| Registrations and new licenses | \$515,330 | \$515,285 | (\$45) |
| Reciprocals and grade transfers | 7,800 | 5,850 | (1,950) |
| Delinquent penalties | 19,020 | 16,322 | (2,698) |
| Reinstatements and fines | 16,850 | 11,879 | (4,971) |
| Practice monitoring cost recovery | 600 | | (600) |
| Interest earned on investments | 24,500 | 27,109 | 2,609 |
| Other income | 8,900 | 4,822 | (4,078) |
| Total revenues | <u>593,000</u> | <u>581,267</u> | <u>(11,733)</u> |
| EXPENDITURES | | | |
| Personal services and related benefits: | | | |
| Salaries | 265,980 | 260,651 | 5,329 |
| Compensated absences | 11,310 | 11,310 | |
| Board members' allowance | 9,500 | 9,450 | 50 |
| Payroll related charges: | | | |
| FICA and state retirement | 35,032 | 33,844 | 1,188 |
| State unemployment | 295 | 209 | 86 |
| Group insurance | 13,166 | 12,833 | 333 |
| Other related benefits | 870 | 153 | 717 |
| Operating services: | | | |
| Printing | 9,000 | 7,905 | 1,095 |
| Insurance | 4,933 | 4,933 | |
| Maintenance of equipment | 16,300 | 15,064 | 1,236 |
| Rentals, including utilities | 60,906 | 60,831 | 75 |
| Dues and subscriptions | 5,500 | 4,824 | 676 |
| Postage | 25,000 | 19,746 | 5,254 |
| Telephone | 6,000 | 5,892 | 108 |
| Other operating services | 2,000 | 1,925 | 75 |

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

| JUNE 30, 1996 | | |
|----------------|----------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$502,650 | \$505,410 | \$2,760 |
| 7,500 | 9,200 | 1,700 |
| 18,020 | 19,019 | 999 |
| 21,530 | 22,370 | 840 |
| 500 | | (500) |
| 24,000 | 26,356 | 2,356 |
| 6,550 | 5,350 | (1,200) |
| <u>580,750</u> | <u>587,705</u> | <u>6,955</u> |
| 291,736 | 292,671 | (935) |
| 2,500 | | 2,500 |
| 10,200 | 9,900 | 300 |
| 33,271 | 33,186 | 85 |
| 280 | 246 | 34 |
| 10,733 | 10,545 | 188 |
| 4,000 | 3,647 | 353 |
| 7,000 | 6,818 | 182 |
| 3,570 | 3,566 | 4 |
| 15,000 | 16,028 | (1,028) |
| 58,760 | 48,294 | 10,466 |
| 5,500 | 5,375 | 125 |
| 20,000 | 21,419 | (1,419) |
| 6,000 | 5,092 | 908 |
| 500 | 712 | (212) |

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balance - Budget
(GAAP Basis) and Actual, 1997 and 1996

| | JUNE 30, 1997 | | |
|--|-------------------------|-------------------------|--|
| | BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| EXPENDITURES (CONT.) | | | |
| Materials and supplies: | | | |
| Office supplies | \$13,000 | \$8,542 | \$4,458 |
| Other operating expenditures | 1,700 | 2,690 | (990) |
| Travel and other charges: | | | |
| Travel | 31,119 | 25,284 | 5,835 |
| Audit | | | |
| Legal fees | 80,000 | 97,325 | (17,325) |
| Other professional fees | 12,250 | 8,899 | 3,351 |
| Miscellaneous | 2,361 | 2,407 | (46) |
| Moving | 3,450 | 3,404 | 46 |
| Capital outlay | 16,100 | 12,483 | 3,617 |
| Total expenditures | <u>625,772</u> | <u>610,604</u> | <u>15,168</u> |
| EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES | (32,772) | (29,337) | 3,435 |
| FUND BALANCE AT BEGINNING OF YEAR | <u>601,682</u> | <u>601,682</u> | <u>NONE</u> |
| FUND BALANCE AT END OF YEAR | <u><u>\$568,910</u></u> | <u><u>\$572,345</u></u> | <u><u>\$3,435</u></u> |

(Concluded)

The accompanying notes are an integral part of this statement.

Statement C

| JUNE 30, 1996 | | |
|------------------|------------------|--|
| BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| \$12,000 | \$10,988 | \$1,012 |
| 1,300 | 1,405 | (105) |
| 33,150 | 27,365 | 5,785 |
| 4,500 | 4,840 | (340) |
| 30,000 | 19,207 | 10,793 |
| 13,350 | 5,760 | 7,590 |
| 1,400 | 1,375 | 25 |
| 3,000 | | 3,000 |
| 13,000 | 6,553 | 6,447 |
| <u>580,750</u> | <u>534,992</u> | <u>45,758</u> |
| | 52,713 | 52,713 |
| <u>548,969</u> | <u>548,969</u> | <u>NONE</u> |
| <u>\$548,969</u> | <u>\$601,682</u> | <u>\$52,713</u> |

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**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

Notes to the Financial Statements
As of June 30, 1997, and for the Years
Ended June 30, 1997 and 1996

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development, as provided by Louisiana Revised Statutes (R.S.) 37:71-87. The board is composed of seven members who are appointed by and serve at the pleasure of the governor. The board is charged with the responsibility of regulating the practice of public accountancy in the State of Louisiana, administering examinations of candidates for CPA certificates, and issuing licenses to practice public accounting. To fulfill the responsibility for administering examinations, the board has entered into an agreement with a third-party administrator for the period from August 1, 1995, through January 31, 1998, to provide examination services. Operations of the board are funded entirely through self-generated revenues. As of June 30, 1997, there are 5,684 licensed and 4,380 unlicensed certified public accountants in the state. The board has nine employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local government. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards, published by the GASB. 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 financial statements represent activity of the State Board of Certified Public Accountants of Louisiana and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

C. FUND ACCOUNTING

The board uses a fund (General Fund) 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.

The General Fund is classified as a governmental fund. The General Fund 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 flow of 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 the General Fund presents increases and decreases in net current assets. The modified accrual basis of accounting is used by the General Fund.

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

Revenues

Revenues are recognized when they become measurable and available. Billings for annual registration are mailed on October 31 of each year and are due by December 31 for the ensuing calendar year. Delinquent fees are assessed for registrations received on or after February 1.

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.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Deferred Revenues

The board reports deferred revenue on the balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

E. BUDGET PRACTICES

Annually the board adopts a budget that is submitted to the Louisiana Department of Economic Development as prescribed by R.S. 37:75. The budget for fiscal year ended June 30, 1997, was adopted on January 22, 1996, and the budget for fiscal year ended June 30, 1996, was adopted on January 23, 1995, and are prepared and reported on a modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended fund balance to fund expenditures of the succeeding year. The budget amounts on Statement C reflect the amended adopted budgets for fiscal years ended June 30, 1997 and 1996. There was one amendment made to each budget for both fiscal years.

F. CASH AND CASH EQUIVALENTS

Cash includes cash on hand and interest-bearing demand deposits. Cash equivalents include amounts in time 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 Louisiana, national banks having their principal offices 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 federal or state chartered credit unions.

G. PREPAID ITEMS

The board establishes prepaid expenditures for membership dues and maintenance agreements. Payments made for such items that will benefit periods beyond June 30, 1997, are recorded as prepaid items.

**H. GENERAL FIXED ASSETS AND
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. A summary of changes in general fixed assets is presented in note 3.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Long-term obligations expected to be financed from the General Fund are accounted for in the general long-term obligations account group. A summary of changes in long-term obligations is presented in note 7.

I. EMPLOYEE COMPENSATED ABSENCES

Employees of the board earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation 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 vacation leave at the employee's hourly rate of pay at the time of termination. The cost of current leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is recorded in the general long-term obligations account group.

J. 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 in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 1997, the board has cash and cash equivalents (book balances) totaling \$579,257 as follows:

| | |
|----------------------------------|------------------|
| Petty cash | \$100 |
| Interest-bearing demand deposits | 104,157 |
| Time deposits | <u>475,000</u> |
| Total | <u>\$579,257</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 1997, the board has \$607,787 in deposits (collected bank balances). These deposits are secured from risk by \$195,029 of federal deposit insurance and \$412,758 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

3. CHANGES IN GENERAL FIXED ASSETS

The changes in general fixed assets (furniture/equipment/software costs) follow:

| | |
|------------------------|------------------|
| Balance, July 1, 1995 | \$235,473 |
| Additions | 6,553 |
| Deletions | <u>(27,919)</u> |
| Balance, June 30, 1996 | <u>\$214,107</u> |
| Balance, July 1, 1996 | \$214,107 |
| Additions | 12,402 |
| Deletions | <u>(5,801)</u> |
| Balance, June 30, 1997 | <u>\$220,708</u> |

4. PENSION PLANS

Substantially all employees of the board are members of the Louisiana 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.

Generally, all full-time 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 percent of their highest consecutive 36-months average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (504) 922-0608 or (800) 256-3000.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

Members are required by state statute to contribute 7.5 percent of gross salary, and the board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 1997, increased to 12.4 percent of annual covered payroll from the 12.0 and 11.9 percent required in fiscal years ended June 30, 1996 and 1995, respectively. The board's contributions to the system for the years ending June 30, 1997, 1996, and 1995, were \$29,079, \$24,761, and \$20,420, respectively, equal to the required contributions for each year.

**5. 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's employees become eligible for these benefits if they reach normal retirement age while working for the board. These benefits for retirees and similar benefits for active employees are provided through the state's insurance program whose monthly premiums are paid jointly by the employee and the board. The board's costs of providing retiree health care and life insurance benefits are recognized as expenditures when the liability has been incurred. For the year ended June 30, 1997, the costs of retiree benefits totaled \$2,190 for one retiree. There were no costs paid for postretirement health care or life insurance benefits for the year ended June 30, 1996.

6. LEASE OBLIGATIONS

The board has no capital leases. The board's premises were leased under a month-to-month lease in July and August of 1996 for a monthly base rental of \$3,712. In May 1996, the board entered into a seven-year noncancelable operating lease for office space at a new location with a monthly base rental of \$4,954 beginning on September 1, 1996.

Future minimum lease payments under this operating lease for the years ending June 30 are:

| Nature of the Operating Leases | <u>1997-98</u> | <u>1998-99</u> | <u>1999-00</u> | <u>2000-01</u> | <u>2001-02</u> | <u>Thereafter</u> |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Office space | <u>\$59,450</u> | <u>\$59,450</u> | <u>\$59,450</u> | <u>\$59,450</u> | <u>\$59,450</u> | <u>\$69,360</u> |

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**
Notes to the Financial Statements (Concluded)

7. LONG-TERM OBLIGATIONS

General long-term obligations consist entirely of compensated absences. The following is a summary of the long-term obligation transactions during the year:

| | |
|--|-----------------|
| Long-term obligations payable at July 1, 1995 | \$26,339 |
| Additions | 20,883 |
| Deductions | <u>(19,165)</u> |
| Long-term obligations payable at June 30, 1996 | <u>\$28,057</u> |
| Long-term obligations payable at July 1, 1996 | \$28,057 |
| Additions | 26,466 |
| Deductions | <u>(25,976)</u> |
| Long-term obligations payable at June 30, 1997 | <u>\$28,547</u> |

8. LITIGATION AND CLAIMS

There is no pending litigation or claims against the board at June 30, 1997, which if asserted, in the opinion of the board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

9. 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.

10. RESERVED FUND BALANCE

The board has a reserved fund balance totaling \$2,188 for prepaid expenses for the 1997-98 fiscal year.

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Years Ended June 30, 1997 and 1996**

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Officers of the board receive compensation of \$150 per month, and other members receive \$100 per month in accordance with Act 510 of 1979.

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**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

**Schedule of Per Diem Paid Board Members
For the Years Ended June 30, 1997 and 1996**

| | <u>1997</u> | <u>1996</u> |
|---|----------------|----------------|
| Susan C. Cochran, CPA (Treasurer, July 1995) | \$1,200 | \$1,250 |
| Mark P. Harris, CPA | 600 | |
| L. Paul Hood, CPA - Chairman | 1,800 | 1,800 |
| Patrick McCarthy, CPA | 600 | |
| Donald L. Moore, CPA (Secretary, August 1996 - June 1997; Treasurer, December 1996) | 1,750 | 1,200 |
| Leon K. Poche, Sr., CPA (Secretary, August 1995 - July 1996; Treasurer, August 1996 - November 1996) | 750 | 1,750 |
| Patrick J. Reddin, CPA (Resigned April 1, 1996) | | 900 |
| J. Gordon Reische, CPA (Secretary, July 1995; Treasurer, August 1995 - July 1996) | 1,250 | 1,800 |
| Michael A. Tham, CPA (Treasurer, January 1997 - June 1997) | 1,500 | 1,200 |
| | <u>\$9,450</u> | <u>\$9,900</u> |
| Total | | |

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**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls 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.



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

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

1600 NORTH THIRD STREET
POST OFFICE BOX 94397
TELEPHONE: (504) 339-3800
FACSIMILE: (504) 339-3870

November 5, 1997

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of the General Purpose Financial Statements

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
New Orleans, Louisiana**

We have audited the general purpose financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, as of June 30, 1997, and for the years ended June 30, 1997 and 1996, and have issued our report thereon dated November 5, 1997. 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 State Board of Certified Public Accountants of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State Board of Certified Public Accountants of Louisiana'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 general purpose 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.

EXHIBIT A

LEGISLATIVE AUDITOR

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

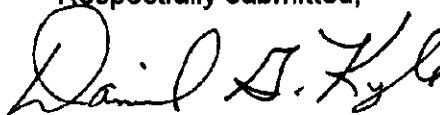
Compliance and Internal Control Report

November 5, 1997

Page 2

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Daniel G. Kyle".

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LOC:THC:sds

[CPA-BD]

EXHIBIT A