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

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General Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1998
With Supplemental Information Schedule

September 23, 1998

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

Printed Date: 09/23/98

McKnight & Associates
Certified Public Accountants
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Louisiana State Board of Physical Therapy Examiners
Department of Health and Hospitals
State of Louisiana

We have audited the accompanying general purpose financial statements of the Louisiana State Board of Physical Therapy Examiners, a component unit of the State of Louisiana, as of and for the year ended June 30, 1988, as listed in the table of contents. These general purpose financial statements are the responsibility of the Louisiana State Board of Physical Therapy Examiners management. 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 Auditing Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Physical Therapy Examiners as of June 30, 1988, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 20, 1988 on our consideration of Louisiana State Board of Physical Therapy Examiners internal control structure and a report dated September 20, 1988, on its compliance with 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 "schedule" listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Louisiana State Board of Physical Therapy Examiners. Such information has been subjected to the auditing 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 financial statements taken as a whole.

McKnight & Associates

September 20, 1988

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1998

	Governmental Fund Type General Fund	General Funds Assess	General L-T Debt	Total (Memo Only) 1998
ASSETS				
Cash & Cash equivalents	\$411,711			\$411,711
Prepaid Expenses				
Interest Receivable				
Furniture & Equipment		\$37,913		37,913
Ret. To Be Provided For Retirement of L-T Debt			\$16,203	16,203
TOTAL ASSETS	<u>\$411,711</u>	<u>\$37,913</u>	<u>16,203</u>	<u>\$465,827</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accrued Expenses	1,416			1,416
Compensated Absences			16,203	16,203
TOTAL LIABILITIES	<u>\$ 1,416</u>	<u>\$ -0-</u>	<u>16,203</u>	<u>17,619</u>
FUND EQUITY				
Investment in General Funds Assets		\$37,913		37,913
Fund Balances:				
Unreserved-Undesign.	410,305			410,305
TOTAL FUND EQUITY	<u>\$410,305</u>	<u>\$37,913</u>		<u>\$448,218</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$411,771</u>	<u>\$37,913</u>	<u>16,203</u>	<u>\$465,887</u>

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 COMBINED STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEARS ENDED JUNE 30, 1990 AND JUNE 30, 1989

	GENERAL FUND	
	6-30-88	6-30-89
REVENUES		
Examination Fees	\$ 87,835	\$129,915
Licenses	181,830	171,340
Interest Income	14,201	36,480
Other Revenues	22,278	24,870
	<hr/>	<hr/>
Total Revenues	\$306,144	362,795
	<hr/>	<hr/>
EXPENDITURES		
Exam costs	\$ 51,245	78,626
Exam Monitor Costs	0	5,997
Board Travel, Lodging, etc.	12,477	7,888
Board Per Diem	6,380	3,492
Board Member Conference	820	0
Bank Charges	180	489
Accounting Consulting Services	1,320	2,000
Annual Audit	1,885	1,880
Fees and Subscriptions	2,611	2,358
Insurance	2,167	2,358
Office Supplies	2,442	2,889
Pension Expenses	8,128	4,842
Postage	10,228	6,981
Printing	4,891	4,181
Salaries & Wages	58,927	43,820
Payroll Taxes	1,441	760
Telephone	2,678	2,847
Rent	13,826	13,728
Miscellaneous	289	128
Legal and Investigative	88,340	70,521
Capital Outlay	1,830	5,524
	<hr/>	<hr/>
Total Expenditures	\$277,556	257,781

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 COMBINED STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES -
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEARS ENDED JUNE 30, 1998 AND JUNE 30, 1997

	General Fund	
	6-30-98	6-30-97
Excess (Deficit) of Revenues over Expenditures	\$ 20,588	63,946
Fund Balance, Beginning of Year as Previously Reported	\$181,767	299,829
FUND BALANCE, END OF YEAR	\$198,355	361,767

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
BUDGET (GRAP) AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 1968

	ACTUAL	BUDGET	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES			
Examination Fees	\$ 87,535	\$120,800	\$133,465
Licenses	181,638	185,800	1 3,170
Interest Income	14,201	25,800	(11,599)
Other Revenues	33,278	38,800	-5,522
Total Revenues	<u>\$366,652</u>	<u>381,200</u>	<u>142,354</u>
EXPENDITURES			
Room Costs	\$ 51,545	81,800	29,255
Board Travel, etc.	12,477	6,800	1 -4,677
Board Fee Plans	3,380	3,750	1 -3,380
Board Meeting Conference	810	5	1 -810
Bank Charges	180	500	320
Accounting Consulting	1,370	4,828	3,458
Annual Audit	1,680	1,680	
Dues and Subscription	3,611	784	1 -2,827
Insurance	3,187	2,000	1 -1,187
Office Supplies	2,443	1,000	1 -1,443
Peration Expense	8,124	1,800	1 -6,324
Postage	12,220	8,000	1 -4,220
Printing	4,891	5,000	1 -1,109
Salaries & Wages	58,927	58,300	1 -527
Payroll Taxes	1,441	1,500	59
Telephone	2,874	3,000	226
Heat	12,208	12,208	
Miscellaneous	253	300	47
Legal and Investigative	84,340	80,000	1 -4,340
Capital Outlay	1,536	17,000	15,464
Total Expenditures	<u>\$271,056</u>	<u>387,682</u>	<u>(116,626)</u>

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE
 BUDGET (GAAP) AND ACTUAL - GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE - FAVORABLE (UNFAVORABLE)</u>
Excess (Deficit) of Revenues over Expenditures	\$ 38,588	48,508	(11,700)
Fund Balance, Beginning as Previously Reported	381,767	381,767	
FUND BALANCE, END	<u>\$418,355</u>	<u>428,075</u>	<u>111,700</u>

The accompanying notes are an integral part of this statement

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity:

The Louisiana State Board of Physical Therapy Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 39:1051-1079. LSA-R.S. 38:863 transferred the supervision and control of the Louisiana State Board of Physical Therapy Examiners to the Louisiana Department of Health and Hospitals. The Board is composed of five members, appointed by the Governor. The members serve terms of three years. The Board is charged with the responsibility to examine all applicants for licenses to practice Physical Therapy, issue licenses to those possessing the necessary qualifications and to take appropriate administrative actions to regulate the practice of Physical Therapy in Louisiana. Operations of the Board are funded with fees charged to examine and license practicing Physical Therapists.

In April of 1964, 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 of 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 Physical Therapy 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 accompanying statements present only transactions of the Louisiana State Board of Physical Therapy Examiners, a component unit of the State of Louisiana.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 1990

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.

A. FUND ACCOUNTING

The accounts of the Board 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 is comprised of its assets, liabilities, fund equity, revenues and expenditures. Revenues are accounted for in three 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:

GOVERNMENTAL FUNDS:

General Fund:

The General Fund is the principal fund and is used to account for the general operations of the Board. The various fees and charges due the Board are accounted for in this fund. Generally operations expenditures are paid from this fund. The Board has no other funds.

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 historic costs or estimated historical costs.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTICE TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1988

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

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 accrual basis of accounting.

D. BUDGET PRACTICES

The Board is required by Louisiana Revised Statute 48:1324 and 1326 to adopt and submit a budget by January 1 of each year to the Louisiana Department of Health and Hospitals for the following expenditures and means of financing them.

Each budget is presented on the accrual basis of accounting. All operations are financed with self-generated revenues. Therefore, the budget is known as a nonappropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was not employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures.

The budget must be revised and approved by the Board of Examiners for any increase in budgetary expenditures. All budgetary appropriations lapse at the end of each fiscal year.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

E. ENCUMBRANCES

The Louisiana State Board of Physical Therapy Examiners does not follow the encumbrance method of accounting.

F. CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents include cash, demand deposits, time deposits and certificates of deposit.

The Louisiana State Board of Physical Therapy Examiners had cash and cash equivalents totaling \$411,771 at June 30, 1998. 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 subtreasury receipts held by the state treasurer.

The deposits at June 30, 1998 were secured as follows:

	Cash	Certificates of Deposits	Total
Bank Balances:			
1. Insured (FDIC) or collateralized with securities held by the entity or its agent in the entity's name	\$84,535	\$300,400	\$384,935
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	-0-	227,126	227,126
3. Uncollateralized, including any securities held for the entity but not in the entity's name	100	-0-	100
Total Bank Balances	\$84,635	\$527,526	\$612,161

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED June 30, 1988

D. INVESTMENTS

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

E. INVENTORIES

Inventory items are considered immaterial and are recorded at cost and recognized as an expenditure when purchased.

F. ANNUAL AND SICK LEAVE

The Louisiana Board of Physical Therapy Examiners has the following policy related to annual and sick leave for the Board's unclassified clerical employees. The earning of annual and sick leave is based on the equivalent of full-time service. It is credited at the end of each month of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar year without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 388 hours are paid to employees at the employee's current rate of pay.

Annual leave in excess of 388 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 1988, the employees of the Board had accumulated and vested \$16,203 of employee leave benefits, which were computed in accordance with GASB Codification Section 200, as modified by GASB Statement Number 16. All of this amount is recorded as an obligation of the Long Term Debt Group of Accounts.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1988

1. TOTAL COLUMN ON STATEMENTS

The total column on the statements is captioned Memorandum Only to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

2. CHANGES IN GENERAL FIXED ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Furniture & Equipment:	\$36,977	\$1,524	5 -0-	\$38,493

3. PENSION PLAN

Substantially all employees of the board are members of the Louisiana State Employees Retirement System (System), a cost-sharing, multiple-employer public employee retirement system (PERS). The System is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and 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.

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 \$200 plus 2.5 percent of their highest consecutive 16-month 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 20 years of service, or (c) age 48 with 10 years of service. The system also provides death and disability benefits. Benefits are established 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 Louisiana State Employees Retirement System, Post Office Box 44223, Baton Rouge, Louisiana 70804, or by calling (504) 833-6600.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 1988

Covered employees 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. The current rate is 12.4 percent of annual covered payroll. The contribution requirements of plan members and the board are established and may be amended by state statute. As provided by R.S. 11:102, the employee contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The Board's contributions to the system for years ending June 30, 1986, 1987, 1988, were \$1,042, \$4,880, and \$4,488, respectively, equal to the required contributions for each year.

4. PENSION/BENEFIT RETIRE PLAN AND LIFE INSURANCE BENEFITS

The Board has no retired employees, and at present does not provide life insurance benefits.

5. OPERATING LEASES

The Board currently leases office space in Lafayette, Louisiana on a three year term expiring on March 31, 1990. Monthly lease payments are \$971 or \$11,652 annually. Total future minimum rental payments are as follows:

For the year ending June 30, 1988	\$8,799
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6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

There were no long-term obligations during the period.

7. LITIGATION AND CLAIMS

There were no unasserted claims or assessments as of June 30, 1988.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 DEPARTMENT OF HEALTH AND HOSPITALS
 STATE OF LOUISIANA
 SCHEDULE OF PER DIEM PAID BOARD MEMBERS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998

B. Schedule of per Diem Paid to Board Members

Amounts paid to board members for the year ended June 30, 1998 are as follows:

NAME	AMT PAID	AMT ACCURED	TOTAL
Sharon Toups	\$ 850	-0-	\$ 850
Bobby Leye'	700	-0-	700
Gail Pearson	600	-0-	600
David Vidrine	650	-0-	650
Gregory Hard, M.D.	150	-0-	150
TOTAL	\$2,950	-0-	\$2,950

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1975 Session of the Louisiana Legislature. Board members are paid \$50 per each day they attend a board meeting, as authorized by Louisiana Revised Statute 37:2821.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.

McRight & Associates

Certified Public Accountants

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Certified Public Accountant
C. Dallas McRight, *cpa*
Certified Public Accountant

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REPORT ON THE INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Louisiana State Board of Physical Therapy Examiners, Lafayette, Louisiana, as of and for the year ended June 30, 1998, and have issued our report thereon dated September 30, 1998.

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.

In planning and performing our audit of the general purpose financial statements of Louisiana State Board of Electrolysis Baton Rouge, Louisiana, for the year ended June 30, 1998, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of Louisiana State Board of Physical Therapy Examiners, Lafayette, Louisiana, 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 objective of an internal control structure is 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 general purpose 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, projections 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.

In planning and performing our audit of the general purpose financial statements of the Louisiana State Board of Physical Therapy Examiners for the year ended June 30, 1998, 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 general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structures that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable 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 accounts 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the board of commissioners, management, and Legislative Auditor's office. However, this report is a matter of public record, and its distribution is not limited.

September 30, 1998

McGhee Associates

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 1998

Inadequate segregation of duties

Condition: The Board is not large enough to permit an adequate segregation of employee duties for effective internal control over the purchasing (invoice approval, processing and general ledger) and reporting (journal entry preparation, approval and recordation) cycles.

Cause: The processing of purchases and journal entries under the control of one person represents a failure to segregate the incompatible accounting activities.

Effect: The effect is such that errors, either intentional or unintentional, in the processing of purchases and journal entries could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause: The size of the Board and the limited number of employees does not permit an adequate segregation of incompatible duties.

Recommendation: Due to the size of the Board's operations, it does not have sufficient staff to establish adequate segregation of duties. Therefore, the cost associated with reducing this deficiency in the design or operation of the internal control structure may not be considered justified.

Auditor response: Management has noted this condition and has determined that the cost necessary to establish adequate segregation of duties is not justifiable at the current time.

**COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the general purpose financial statements of Louisiana State Board of Physical Therapy Examiners, Lafayette, Louisiana, as of and for the year ended June 30, 1988, and have issued our report thereon dated September 28, 1988.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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.

Compliance with laws, regulations, contracts, and grants applicable to Louisiana State Board of Physical Therapy Examiners, Baton Rouge, Louisiana, is the responsibility of the Board's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of board of commissioners, management, and Legislative Auditor's Office. However, this report is a matter of public record, and its distribution is not limited.


Baton Rouge, Louisiana
September 28, 1988

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

There were no prior year audit findings that required corrective actions.