

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

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

November 10, 1999



***Financial and Compliance Audit Division***

---

---

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

**LEGISLATIVE AUDIT ADVISORY COUNCIL**

**MEMBERS**

**Senator J. "Tom" Schedler, Chairman  
Representative Francis C. Thompson, Vice Chairman**

**Senator Robert J. Barham  
Senator Wilson E. Fields  
Senator Thomas A. Greene  
Senator Craig F. Romero  
Representative F. Charles McMains, Jr.  
Representative Edwin R. Murray  
Representative Warren J. Triche, Jr.**

**LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

**Albert J. Robinson, Jr., CPA**

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twenty-nine copies of this public document were produced at an approximate cost of \$68.73. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. A copy of this document is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us).

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

**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, 1999, and for the Years  
Ended June 30, 1999 and 1998  
With Supplemental Information Schedules**

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.

**November 10, 1999**

**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, 1999, and for the Years  
Ended June 30, 1999 and 1998  
With Supplemental Information Schedules

**CONTENTS**

	<b>Statement</b>	<b>Page No.</b>
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		8
Supplementary Information Required by the Governmental Accounting Standards Board - Required Supplementary Information - Year 2000 Issues		15
	<b>Schedule</b>	<b>Page No.</b>
Supplemental Information Schedule - Schedule of Per Diem Paid Board Members	1	18
	<b>Exhibit</b>	
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  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

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

October 25, 1999

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, 1999, and for the years ended June 30, 1999 and 1998, as listed in the foregoing table of contents. These financial statements are the responsibility of management 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, 1999, and the results of operations for the years ended June 30, 1999 and 1998, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 25, 1999, on our consideration of the board's internal control over financial reporting and our tests of its compliance with laws and regulations.

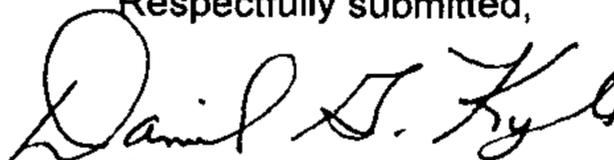
Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose 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.

LEGISLATIVE AUDITOR

STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANTS OF LOUISIANA  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

The Year 2000 supplementary information on page 15 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State Board of Certified Public Accountants of Louisiana 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.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

LLG:JR:RCL:dl

[CPA]

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, 1999

	GOVERNMENTAL FUND - GENERAL FUND	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
<b>ASSETS AND OTHER DEBITS</b>				
Assets:				
Cash and cash equivalents (note 2)	\$651,847			\$651,847
Accounts receivable	550			550
Accrued interest - time deposits	292			292
Prepaid items	2,301			2,301
Fixed assets (note 3)		\$203,032		203,032
Other Debits - amount to be provided for compensated absences			\$28,417	28,417
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$654,990</b>	<b>\$203,032</b>	<b>\$28,417</b>	<b>\$886,439</b>
<b>LIABILITIES, FUND EQUITY, AND OTHER CREDITS</b>				
Liabilities:				
Accounts payable	\$17,345			\$17,345
Payroll deductions and withholdings payable	1,306			1,306
Deferred revenue	1,800			1,800
Other accrued liabilities	147			147
Long-term obligations (note 7)			\$28,417	28,417
<b>Total Liabilities</b>	<b>20,598</b>	<b>NONE</b>	<b>28,417</b>	<b>49,015</b>
Equity and Other Credits:				
Investment in general fixed assets		\$203,032		203,032
Fund balance - reserved (note 10)	2,301			2,301
Fund balance - unreserved - undesignated	632,091			632,091
<b>Total Equity and Other Credits</b>	<b>634,392</b>	<b>203,032</b>	<b>NONE</b>	<b>837,424</b>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b>\$654,990</b>	<b>\$203,032</b>	<b>\$28,417</b>	<b>\$886,439</b>

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, 1999 and 1998

	<u>JUNE 30, 1999</u>	<u>JUNE 30, 1998</u>
<b>REVENUES</b>		
Licenses, fees, fines, and penalties	\$578,605	\$556,298
Use of money and property - interest earnings	28,553	27,208
Other	8,897	10,948
Total revenues	<u>616,055</u>	<u>594,454</u>
<b>EXPENDITURES</b>		
General government:		
Salaries and related benefits	327,410	321,804
Operating services and supplies	151,107	169,584
Professional services	112,975	55,951
Acquisitions	181	9,450
Total expenditures	<u>591,673</u>	<u>556,789</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	24,382	37,665
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>610,010</u>	<u>572,345</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$634,392</u></u>	<u><u>\$610,010</u></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, 1999 and 1998

	JUNE 30, 1999		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>			
Fees:			
Registrations and new licenses	\$525,645	\$535,810	\$10,165
Reciprocals and grade transfers	7,800	4,950	(2,850)
Delinquent penalties	19,000	14,805	(4,195)
Reinstatements and fines	16,850	23,040	6,190
<i>Practice monitoring cost recovery</i>	600		(600)
Interest earned on investments	24,500	28,553	4,053
Other income	8,900	8,897	(3)
Total revenues	<u>603,295</u>	<u>616,055</u>	<u>12,760</u>
<b>EXPENDITURES</b>			
Salaries and related benefits	344,911	327,410	17,501
Operating services and supplies	163,835	151,107	12,728
Professional services	96,000	112,975	(16,975)
Acquisitions	21,311	181	21,130
Total expenditures	<u>626,057</u>	<u>591,673</u>	<u>34,384</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(22,762)	24,382	47,144
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>610,010</u>	<u>610,010</u>	NONE
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$587,248</u>	<u>\$634,392</u>	<u>\$47,144</u>

The accompanying notes are an integral part of this statement.

<u>JUNE 30, 1998</u>		
<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
\$518,775	\$512,565	(\$6,210)
7,800	7,050	(750)
22,995	19,895	(3,100)
16,850	16,788	(62)
600		(600)
24,500	27,208	2,708
8,900	10,948	2,048
<u>600,420</u>	<u>594,454</u>	<u>(5,966)</u>
332,479	321,804	10,675
200,876	169,584	31,292
49,765	55,951	(6,186)
17,300	9,450	7,850
<u>600,420</u>	<u>556,789</u>	<u>43,631</u>
NONE	37,665	37,665
<u>572,345</u>	<u>572,345</u>	<u>NONE</u>
<u>\$572,345</u>	<u>\$610,010</u>	<u>\$37,665</u>

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

Notes to the Financial Statements  
As of June 30, 1999, and for the Years  
Ended June 30, 1999 and 1998

**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 February 1, 1998, through January 31, 2000, to provide examination services. Operations of the board are funded entirely through self-generated revenues. As of June 30, 1999, there are 5,770 licensed and 4,583 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 governments. 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 governments. 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 has financial accountability over the board in that the governor appoints the board members and can impose his will on the board. 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, 1999, was adopted on January 27, 1998, and the budget for fiscal year ended June 30, 1998, was adopted on January 21, 1997, 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, 1999 and 1998. There was one amendment made to each budget for both fiscal years.

**F. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash, demand deposits, and certificates of deposit. 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, 1999, 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**

As reflected on Statement A, the board has cash and cash equivalents totaling \$651,847 at June 30, 1999.

Petty cash	\$100
Interest-bearing demand deposits	251,747
Time deposits	<u>400,000</u>
Total	<u><u>\$651,847</u></u>

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. At June 30, 1999, the board has \$666,862 in deposits (collected bank balances). These deposits are secured from risk by \$175,865 of federal deposit insurance and \$490,997 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, 1997	\$220,708
Additions	4,826
Deletions	<u>(10,245)</u>
Balance, June 30, 1998	<u>\$215,289</u>
Balance, July 1, 1998	\$215,289
Additions	NONE
Deletions	<u>(12,257)</u>
Balance, June 30, 1999	<u>\$203,032</u>

**4. PENSION PLANS**

Substantially all employees of the board are members of the Louisiana State Employees Retirement System (LASERS), a cost sharing multiple-employer, defined benefit pension plan. LASERS is a statewide public employee retirement system for the benefit of state employees, which is administered and controlled by a separate board of trustees. LASERS provides retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Generally, all full-time employees are eligible to participate in LASERS, with employee benefits vesting after 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

The contribution requirements of plan members and the board are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S.

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

11:102. Employees contribute 7.5% of covered salaries. The board's contribution rate for fiscal years ended June 30, 1999, 1998, and 1997, were 12.4%, 13%, and 12.4%, respectively. The board's contributions to the system for the years ended June 30, 1999, 1998, and 1997, were \$32,387, \$33,003, and \$29,079, respectively, equal to the required contributions for each year.

**5. POSTRETIREMENT HEALTH CARE BENEFITS  
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 years ended June 30, 1999 and 1998, the board's costs of retiree benefits were \$4,967 and \$5,257, respectively, for one retiree.

**6. LEASE OBLIGATIONS**

The board has no capital leases. The board has an operating lease for office space for a monthly rental of \$4,954. The future operating lease payments are presented as follows:

<u>Nature of the Operating Leases</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>Thereafter</u>
Office space	<u>\$59,450</u>	<u>\$59,450</u>	<u>\$59,450</u>	<u>\$59,450</u>	<u>\$9,908</u>

**7. LONG-TERM OBLIGATIONS**

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

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

Long-term obligations payable at July 1, 1997	\$28,547
Additions	18,743
Deductions	<u>(21,574)</u>
Long-term obligations payable at June 30, 1998	<u>\$25,716</u>
Long-term obligations payable at July 1, 1998	\$25,716
Additions	27,173
Deductions	<u>(24,472)</u>
Long-term obligations payable at June 30, 1999	<u>\$28,417</u>

**8. RISK MANAGEMENT**

There is no pending litigation or claims against the board at June 30, 1999, 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 \$2,301 for prepaid expenses for the 1999-2000 fiscal year.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE  
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following page contains supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

**STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANTS OF LOUISIANA  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Years Ended June 30, 1999 and 1998**

**YEAR 2000 ISSUES**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the State Board of Certified Public Accountants of Louisiana operations as early as 1999.

The board has addressed the Year 2000 (Y2K) compliance issue relating to its computer systems and other electronic equipment. Assurances were received from the suppliers that accounting hardware and software is Y2K compliant.

In addition, the board's administration plans to update other electronic data processing systems and purchase a Y2K compliant Local Area Network costing approximately \$21,130 before December 1999. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the Year 2000 and thereafter. Consequently, management cannot ensure that the board's remediation efforts will be successful in whole or in part, or that parties with whom the board does business will be Year 2000 compliant.

**STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANTS OF LOUISIANA  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULE  
For the Years Ended June 30, 1999 and 1998**

**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.

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, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Susan C. Cochran, CPA - Secretary (August 1998 - June 1999)	\$1,750	\$1,200
Mark P. Harris, CPA	1,200	1,200
L. Paul Hood, CPA - Chairman	1,800	1,800
Patrick McCarthy, CPA	1,200	1,200
Donald L. Moore, CPA - Treasurer	1,800	1,800
J. Gordon Reische, CPA (Resigned November 1998)	500	1,200
Richard J. Roth, Jr., CPA Member (January 1999 - June 1999)	600	
Michael A. Tham, CPA - Secretary (July 1997 - July 1998)	1,250	1,800
	<u>10,100</u>	<u>10,200</u>
Total	<u>\$10,100</u>	<u>\$10,200</u>

**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: (225) 339-3800  
FACSIMILE: (225) 339-3870

October 25, 1999

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, 1999, and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated October 25, 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 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.

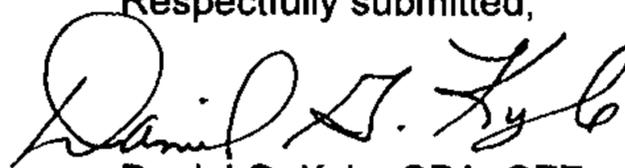
**EXHIBIT A**

**LEGISLATIVE AUDITOR**

**STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANTS OF LOUISIANA  
DEPARTMENT OF ECONOMIC DEVELOPMENT  
STATE OF LOUISIANA**  
Compliance and Internal Control Report  
October 25, 1999  
Page 2

This report is intended solely for the information and use of the board and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

LLG:JR:RCL:dl

[CPA]

**EXHIBIT A**