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LOUISIANA STATE BOARD OF MASSAGE THERAPY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

BASIC FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2008

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

Release Date 12/17/08

**LOUISIANA STATE BOARD OF MASSAGE THERAPY
DEPARTMENT OF HEALTH AND HOSPITALS
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

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**LOUISIANA STATE BOARD OF MASSAGE THERAPY
DEPARTMENT OF HEALTH AND HOSPITALS
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT ACCOUNTANTS' REVIEW REPORT


To the Board Members of the
Louisiana State Board of Massage Therapy
12022 Plank Road
Baton Rouge, Louisiana 70811

We have reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) of the business-type activities of the Louisiana State Board of Massage Therapy as of and for the year ended June 30, 2008, which collectively comprise the Louisiana State Board of Massage Therapy's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana State Board of Massage Therapy's management.

Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Board personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated October 3, 2008, on the results of our agreed-upon procedures.



Mary Sue Stages, CPA
A Professional Accounting Corporation
October 3, 2008

**MARY SUE STAGES, CPA
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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board Members of the
Louisiana State Board of Massage Therapy
12022 Plank Road
Baton Rouge, Louisiana 70811

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Louisiana State Board of Massage Therapy and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Board's compliance with certain laws and regulations during the year ended June 30, 2008, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures in excess of \$20,000 for material and supplies or \$100,000 for public works made during the year.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There was one amendment to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original and amended budget to the minutes of a regular meeting..

7. Compare the revenues and expenditures of the final budget to actual expenditures to determine if actual expenditures exceeded budgeted amounts by 10% or more per category or 5% or more in total.

Actual revenues were greater than budgeted revenues at year-end. We compared the expenditures of the final budget to actual expenditures. Expenditures for the year did not exceed budgeted amounts by more than 10% in any one category. Expenditures for the year did not exceed budgeted amounts by more than 5% in total.

Accounting and Reporting

8. Randomly select six disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Director and Board where applicable.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Board is required to post a notice of each meeting and the accompanying agenda. Management has asserted that such documents were properly posted at the office and the website.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances or gifts.

A reading of the minutes of the Board for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances that would indicate payments to employees that would constitute bonuses, advances or gifts.

The prior year report, dated August 28, 2007, did not include any comments or unresolved matters.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Board and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under LSA-RS 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Corporation
October 3, 2008

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

5/14/08 (Date Transmitted)

MAKY JUE STAGIN CPA APAC
3121 VAN BUREN ST STE A
BAKER LA 70704

(Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

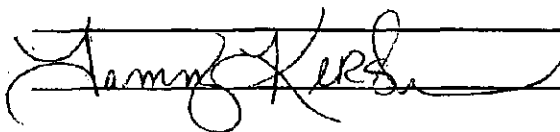
Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

_____ Secretary _____ Date

_____ Treasurer _____ Date



President 5.14.08 Date

**LOUISIANA STATE BOARD OF MASSAGE THERAPY
DEPARTMENT OF HEALTH AND HOSPITALS
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2008**

There were no prior year findings or comments.

**LOUISIANA STATE BOARD OF MASSAGE THERAPY
DEPARTMENT OF HEALTH AND HOSPITALS
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2008**

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem paid to board members is presented for the year ended June 30, 2008.

Name

Bourg, Juanita "Kit"	\$.00
Cavanaugh, Michael	.00
Hymel, Claudette	7,758.00
Kershaw, Tammy	.00
Landry, Donna	10,289.00
Schwartzberg, Alan	.00
Tessier, Janet	<u>.00</u>
 Total	 <u>18,047.00</u>

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MASSAGE THERAPY
BALANCE SHEET
AS OF JUNE 30, 2008**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>95,899</u>
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		<u>95,899</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>-</u>
Total assets	\$	<u>95,899</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>31,417</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>31,417</u>

NONCURRENT LIABILITIES: (Note K)

Contracts payable		
Compensated absences payable (Note K)		<u>16,661</u>
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Bonds payable		
OPEB payable		<u>227,100</u>
Other long-term liabilities		
Total noncurrent liabilities		<u>243,761</u>
Total liabilities		<u>275,178</u>

NET ASSETS

Invested in capital assets, net of related debt		
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>(179,279)</u>
Total net assets		<u>(179,279)</u>
Total liabilities and net assets	\$	<u>95,899</u>

The accompanying notes are an integral part of this financial statement.
Statement A

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF MASSAGE THERAPY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008**

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	439,824
Other	_____
Total operating revenues	439,824
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	549,588
Depreciation	_____
Amortization	_____
Total operating expenses	549,588
Operating income(loss)	(109,764)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	2,822
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	_____
Other expense	_____
Total non-operating revenues(expenses)	2,822
Income(loss) before contributions, extraordinary items, and transfers	(106,942)
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	(106,942)
Total net assets – beginning as restated	(72,337)
Total net assets – ending	\$ (179,279)

The accompanying notes are an integral part of this financial statement.
 Statement B

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF MASSAGE THERAPY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 549,588	\$ 439,824	\$	\$	\$ (109,764)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					2,822
Miscellaneous					
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					2,822
Change in net assets					(106,942)
Net assets - beginning as restated					(72,337)
Net assets - ending					\$ (179,279)

The accompanying notes are an integral part of this statement.
 Statement C

STATE OF LOUISIANA
 LOUISIANA STATE BOARD
 OF MASSAGE THERAPY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities

Cash received from customers	\$ 439,824	
Cash payments to suppliers for goods and services	308,842	
Cash payments to employees for services	202,361	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		\$ (71,379)

Cash flows from non-capital financing activities

State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Other		
Transfers In		
Transfers Out		
Net cash provided(used) by non-capital financing activities		-

Cash flows from capital and related financing activities

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-

Cash flows from investing activities

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	2,822	
Net cash provided(used) by investing activities		2,822

Net increase(decrease) in cash and cash equivalents (68,557)

Cash and cash equivalents at beginning of year 164,456
 Cash and cash equivalents at end of year \$ 95,899

The accompanying notes are an integral part of this statement.
 Statement D

**STATE OF LOUISIANA
LOUISIANA STATE BOARD
OF MASSAGE THERAPY
Notes to the Financial Statement
As of and for the year ended June 30, 2008**

INTRODUCTION

The Louisiana State Board of Massage Therapy (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:3551. The following is a brief description of the operations of the Board.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). 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.

The accompanying financial statements of the Board present information only as to the transactions of the programs of the Board as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses 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 accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Board are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Budget Committee, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements include the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
 LOUISIANA STATE BOARD
 OF MASSAGE THERAPY
 Notes to the Financial Statement
 As of and for the year ended June 30, 2008

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>391,415</u>
Amendments:	
Salaries	<u>80,000</u>
Temporaries	<u>15,000</u>
Repairs and maintenance	<u>30,000</u>
Final approved budget	\$ <u><u>516,415</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, and balance sheet presentation all highly liquid investments (including restricted CDs and cash and cash equivalents) and deposits including negotiable CD's and restricted cash with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40 (which amended GASB Statement 3 eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the entity's name.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD
OF MASSAGE THERAPY
Notes to the Financial Statement
As of and for the year ended June 30, 2008**

The deposits at June 30, 2008, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 95,899			\$ 95,899
Deposits in bank accounts per bank	\$ 103,261			\$ 103,261
Bank balance of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized				
b. Deposits not insured and collateralized with securities held by the pledging institution				
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agent, <u>but not in the entities name</u>				
Total Bank Balances - All Deposits	\$	\$	\$	\$

NOTE: The "Total Bank Balances – All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above.

<u>Banking institution</u>	<u>Program</u>	<u>Amount</u>
1. Hancock Bank	Checking	\$ 103,261
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____
Total		\$ 103,261

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ 0
Petty cash	\$ 0

2. INVESTMENTS N/A

3. DERIVATIVES N/A

4. CREDIT RISK, CONCENTRATION OF CREDIT RISK, INTEREST RATE RISK, AND FOREIGN CURRENCY RISK DISCLOSURES N/A

5. POLICIES

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF MASSAGE THERAPY
Notes to the Financial Statement
As of and for the year ended June 30, 2008**

Vested employees eligible to begin participation in the DBP before July 1, 2006, 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, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf

Members are required by state statute to contribute with the single largest group (“regular members”) contributing 7.5% 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, 2008, increased to 19.1% of annual covered payroll from the 17.6% and 19.1% required in fiscal years ended June 30, 2007 and 2006 respectively. The Board contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$20,234, \$20,997 and \$18,320, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS

The Board may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Board’s employees become eligible for those benefits if they reach normal retirement age while working for the Board and were covered by the Board’s active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

Plan Description. The State of Louisiana’s Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

LRS 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy’s website at www.doa.la.gov/osrap, writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Policy. LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Board with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000.

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Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2008, this amount ranges from \$34 to \$92 per month for single members with Medicare or \$126 to \$170 per month without Medicare. The Board contributes anywhere from \$103 to \$237 per month (with Medicare) or \$809 to \$842 (without Medicare) on behalf of the retiree for this coverage. Premiums paid for retiree and spouse range from \$69 to \$165 per month for those with Medicare or \$408 to \$493 per month for those without Medicare. For this coverage, the Board contributes from \$207 to \$427 (with Medicare) or \$1,242 to \$1,293 (without Medicare). The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Board.

OPEB Cost/Obligation. The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2007, is as follows:

Normal cost	\$ 11,900
30 year UAL amortization amount	<u>9,500</u>
Annual Required Contribution (ARC)	<u>21,400</u>

The Board's OPEB obligation for the year ended June 30, 2008, is as follows:

Annual required contribution/OPEB Cost	\$ 21,400
Contributions made	<u>-0-</u>
Change in Net OPEB Obligation	21,400
Net OPEB obligation, beginning	<u>205,700</u>
Net OPEB obligation, ending	<u>227,100</u>

Utilizing the pay-as-you-go method, the Board contributed 0% of the annual post-employment benefits cost during the current year. Because this is the first year of implementation, information for prior years is not presented.

Funding Status and Funding Progress. As of June 30, 2008, the Board had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 227,100
Covered payroll (active employees)	309,342
UAAL as a percentage of covered payroll	73%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial

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method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2008 amounted to \$18,501. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014- 2018</u>	<u>FY 2019- 2023</u>
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

- 2. CAPITAL LEASES N/A
- 3. LESSOR DIRECT FINANCING LEASES N/A
- 4. LESSOR – OPERATING LEASE N/A

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K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:

	Balance June 30, <u>2007</u>	<u>Year ended June 30, 2008</u>		Balance June 30, <u>2008</u>	Amounts due within <u>one year</u>
		<u>Additions</u>	<u>Reductions</u>		
Notes and bonds payable:					
Notes payable	\$ --	\$ --	\$ --	\$ --	\$ --
Bonds payable	--	--	--	--	--
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable	--	--	--	--	--
Compensated absences payable	16,661	--	--	16,661	--
Capital lease obligations	--	--	--	--	--
Claims and litigation	--	--	--	--	--
OPEB payable	205,700	21,400	--	227,100	--
Other long-term liabilities	--	--	--	--	--
Total other liabilities	<u>222,361</u>	<u>21,400</u>	<u>--</u>	<u>243,761</u>	<u>--</u>
Total long-term liabilities	<u>\$ 222,361</u>	<u>\$ 21,400</u>	<u>\$ --</u>	<u>\$ 243,761</u>	<u>\$ --</u>

- L. CONTINGENT LIABILITIES N/A
- M. RELATED PARTY TRANSACTIONS N/A
- N. ACCOUNTING CHANGES N/A
- O. IN-KIND CONTRIBUTIONS N/A
- P. DEFEASED ISSUES N/A
- Q. REVENUES – PLEDGED OR SOLD (GASB 48) N/A
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) N/A
- S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS N/A
- T. SHORT-TERM DEBT N/A
- U. DISAGGREGATION OF RECEIVABLE BALANCES N/A

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V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2008, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 5,556	\$ 25,861	\$	\$	\$ 31,417
					-
Total payables	\$ 5,556	\$ 25,861	\$ -	\$ -	\$ 31,417

W. SUBSEQUENT EVENTS N/A

X. SEGMENT INFORMATION N/A

Y. DUE TO/DUE FROM AND TRANSFERS N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS N/A

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (ADDITIONAL INFORMATION IN APPENDIX C) N/A

CC. IMPAIRMENT OF CAPITAL ASSETS (ADDITIONAL INFORMATION IN APPENDIX D) N/A

DD. EMPLOYEE TERMINATION BENEFITS N/A

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 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 For the Year Ended June 30, 2008

<u>Name</u>	<u>Amount</u>
Claudette Hymel	\$ 7,758
Donna Landry	10,289
	\$ 18,047

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolute No. 54 of the 1979 Session of the Legislature.

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COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2008</u>	<u>2007</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 442,646	\$ 412,066	\$ 30,580	\$ 7.4%
Expenses	549,588	415,366	134,222	32%
2) Capital assets			-	
Long-term debt	227,100	-0-	227,100	> 100%
Net Assets	(179,279)	133,363	(312,642)	> 100%

Explanation for change: _____

