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

BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES

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 12/11/08

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

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BASIC FINANCIAL STATEMENTS

**MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

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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' REPORT

To the Board Members of the
Louisiana State Board of Physical Therapy Examiners
104 Fairlane Drive
Lafayette, Louisiana 70507

We have reviewed the accompanying basic 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, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana State Board of Physical Therapy Examiners' management.

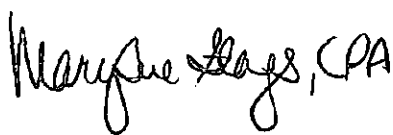
Our review was conducted in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. A review 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 August 29, 2008, on the results of our agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

The accompanying supplemental information listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
August 29, 2008

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

The purpose of this section is to offer management's discussion and analysis of the Louisiana State Board of Physical Therapy Examiners of the State of Louisiana's (hereafter referred to as the Board) financial performance during the year ended June 30, 2008. It should be read in conjunction with the financial report taken as a whole.

Overview of the Financial Statement Presentation

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Highlights of the Board as a Whole

- ◆ Net Assets of the Board increased by \$80,725
- ◆ Operating revenues increased by \$38,260
- ◆ Net increase in investments (long-term certificates of deposit) totaled \$129,723

Basic Financial Statements. The basic financial statements present information for the Board as a whole. Statements in this section include the following:

Statement of Net Assets. This statement presents information on all of the Board's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Board is improving or not.

Statement of Revenues, Expenses and Changes in Fund Net Assets. This statement presents information showing how the Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Board's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The basic financial statements begin on page 9 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Required Supplementary Information. As a component unit of the State of Louisiana, the Board complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. The Louisiana Comprehensive Annual Financial Report completed with information relative to the Board is included as other required supplementary information.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to users of this report.

Financial Analysis of the Board

Net assets are an indicator of the Board's financial position from year to year. A summary of net assets follows.

SUMMARY OF NET ASSETS

	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$ 139,224.45	\$ 143,887.46
Non-current assets	737,680.65	607,957.21
Capital assets, net	<u>28,198.57</u>	<u>45,136.25</u>
Total Assets	905,103.67	796,980.92
Liabilities		
Current liabilities	14,337.45	10,465.64
Long-term liabilities	<u>278,579.92</u>	<u>8,953.92</u>
Total Liabilities	<u>292,917.37</u>	<u>19,419.56</u>
Net Assets		
Invested in capital assets, net of related debt	\$ 28,198.57	\$ 45,136.25
Unrestricted	<u>583,987.73</u>	<u>732,425.11</u>
Total Net Assets	<u>612,186.30</u>	<u>777,561.36</u>

Net assets increased by \$80,725 or 10% in the current year. Revenues increased while expenditures decreased providing for a greater increase in net assets over the prior year.

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

A summary of changes in net assets is as follows:

SUMMARY OF CHANGES IN NET ASSETS

	<u>2008</u>	<u>2007</u>
Operating Revenues	\$ 462,876.00	\$ 424,516.31
Operating Expenses	<u>(429,206.84)</u>	<u>(415,227.45)</u>
Operating Income	33,669.16	9,288.86
Non-operating Revenues (Expenses)	<u>47,055.78</u>	<u>15,349.45</u>
Net Increase in Net Assets	<u>80,724.94</u>	<u>24,638.31</u>

Operating revenues increased by \$38,360 or 9% while expenses increased by \$13,979 or 3%. Because the Board was able to invest additional funds during the year, interest income increased more than twice the interest earned in the prior year or \$31,706.

Cash flow activity of the Board for the past two years is as follows:

STATEMENT OF CASH FLOWS

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 80,017.25	\$ 36,906.17
Capital and related financing activities	(2,012.60)	(2,848.68)
Investing activities	<u>88,309.81</u>	<u>67,645.38</u>
Net Change in Cash and Cash Equivalents	(10,305.16)	101,702.87
Cash and cash equivalents, beginning of year	<u>133,064.98</u>	<u>31,362.11</u>
Cash and cash equivalents, end of year	<u>122,759.82</u>	<u>133,064.98</u>

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2008**

Capital Asset and Debt Administration

Capital Assets: The Board's investment in capital assets, net of accumulated depreciation, at June 30, 2008 and 2007, was \$28,199 and \$45,136, respectively. Additions in the current year included computer software and upgrades to equipment. All assets were recorded with the State of Louisiana and a detailed list is maintained.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
	<u>2008</u>	<u>2007</u>
Depreciable Assets		
Furniture/fixtures	\$ 3,463.78	\$ 5,979.62
Computers and related assets	24,734.79	38,769.36
Leasehold Improvements	<u>.00</u>	<u>387.27</u>
Total	<u>28,198.57</u>	<u>45,136.25</u>

Debt Administration: Long-term debt of the Board includes compensated absences at amounts of \$10,280 and \$8,954 at June 30, 2008 and 2007, respectively. It also includes unfunded other post-employment benefits plan obligations anticipated at \$268,300 at June 30, 2008, based on actuarially determined amounts.

Budget

Operating revenues exceeded budgeted amounts by \$33,876 or 7%. Additionally, operating expenses were \$68,273 less than anticipated expenses. Interest income of \$47,056 was \$35,056 more than the Board anticipated for the fiscal year. These favorable variances resulted in an increase in net assets by \$137,205 more than was budgeted.

Request for Information

This financial report is designed to provide a general overview of the Board's finances, comply with finance-related laws and regulations and demonstrate the Board's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Cheryl Gaudin, Executive Director, at 104 Fairlane Drive, Lafayette, Louisiana 70507, 337-262-1043.

FUND FINANCIAL STATEMENTS

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2008**

ASSETS	<u>Business-type Activities</u>
Current Assets	
Cash and cash equivalents	\$ 122,759.82
Accrued interest receivable	16,464.63
Total Current Assets	<u>139,224.45</u>
Non-Current Assets	
Investments	737,680.65
Capital assets, net of accumulated depreciation	
Furniture and fixtures	3,463.78
Computer and related assets	24,734.79
Total Non-Current Assets	<u>765,879.22</u>
TOTAL ASSETS	<u><u>905,103.67</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	2,481.23
Payroll and related payables	10,254.22
Accrued salaries	1,602.00
Total Current Liabilities	<u>14,337.45</u>
Non-Current Liabilities	
Compensated absences payable	10,279.92
Other post-employment benefits plan payable	268,300.00
Total Non-Current Liabilities	<u>278,579.92</u>
Total Liabilities	<u>292,917.37</u>
NET ASSETS	
Invested in capital assets, net of related debt	28,198.57
Unrestricted	583,987.73
Total Net Assets	<u>612,186.30</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>905,103.67</u></u>

See Accompanying Notes and Accountants' Report

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2008**

	<u>Business-type Activities</u>
OPERATING REVENUES	
Licenses and other fees	\$ 462,876.00
OPERATING EXPENSES	
Professional services	135,200.20
Meetings, conferences and travel	40,138.54
Salaries and related benefits	164,135.10
General and administrative expenses	70,782.72
Depreciation	18,950.28
Total Operating Expenses	<u>429,206.84</u>
Operating Income	33,669.16
NON-OPERATING REVENUES (EXPENSES)	
Interest income	<u>47,055.78</u>
Change in Net Assets	80,724.94
Total Net Assets, beginning	777,561.36
Prior period adjustment - other post-employment benefits plan	<u>(246,100.00)</u>
Total Net Assets, ending	<u><u>612,186.30</u></u>

See Accompanying Notes and Accountants' Report

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2008

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 462,876.00
Cash paid to suppliers for goods and services	(246,121.46)
Cash paid to employees for services	<u>(136,737.29)</u>
Net Cash Provided by Operating Activities	80,017.25
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(2,012.60)</u>
Net Cash Used for Capital and Related Financing Activities	(2,012.60)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of certificates of deposit	(238,735.21)
Proceeds from certificates of deposit redeemed	109,011.77
Interest earned on certificates of deposit	<u>41,413.63</u>
Net Cash Used for Investing Activities	<u>(88,309.81)</u>
Net Decrease in Cash and Cash Equivalents	(10,305.16)
Cash and Cash Equivalents, beginning of year	<u>133,064.98</u>
Cash and Cash Equivalents, end of year	<u><u>122,759.82</u></u>

Continued

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2008

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 33,669.16
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	18,950.28
Increase (decrease) in liabilities	
Payroll and related payables	3,137.97
Accrued salaries	733.84
Compensated absences payable	1,326.00
Other post-employment benefits plan payable	<u>22,200.00</u>
Net Cash Provided by Operating Activities	<u><u>80,017.25</u></u>

See Accompanying Notes and Accountants' Report

NOTES TO FINANCIAL STATEMENTS

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
INDEX TO NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

INTRODUCTION

The Louisiana State Board of Physical Therapy Examiners is a component unit of the State of Louisiana. It was created by Act 208 of the Regular Session of the 1987 Legislature within the Department of Health and Hospitals as provided by Louisiana Revised Statute 37:2401.1. The Board serves as a statewide authority to license and regulate the physical therapists and physical therapist assistants practicing in the State of Louisiana. It is also charged with the responsibility to interpret the scope of practice, write regulations and discipline licensees who have violated the law.

The Board is composed of 5 members that are appointed by the Governor of the State of Louisiana and serve three-year terms. Four of the members are selected from within the profession who possess an unrestricted license to practice physical therapy and who has been practicing within the state for no less than three years, one of which is appointed from a list of names submitted by the Louisiana Hospital Association. The fifth member is a physician who possesses an unrestricted license to practice medicine in the state and who specializes in the practice of orthopedic surgery or the practice of psychiatry. This member is appointed from a list of names submitted by the Louisiana Medical Society. Board members, as authorized by Louisiana Revised Statute 38:3304, receive a per diem to attend meetings or conduct board-approved business not to exceed \$50 per day.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Louisiana State Board of Physical Therapy Examiners conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Board is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the board members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Louisiana State Board of Physical Therapy Examiners.

Fund Accounting: The Board uses funds 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.

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

A fund is a separate entity with a self-balancing set of accounts. Funds of the Board are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary funds of the Board included the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: 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 and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund financial statements of the Board are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

Application of FASB Statements and Interpretations: Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Board's licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Budgets and Budgetary Accounting: The Board adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Board must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Board retains its unexpended net assets to fund expenditures of the succeeding year.

The budget is submitted to the Louisiana Department of Health and Hospitals as prescribed by Louisiana Revised Statute 36:803 and submitted to the Legislature in accordance with 39:1331-1342.

Cash and Cash Equivalents: Cash and cash equivalents include amounts in demand deposits. Under state law, the Board may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: The Board's assets are recorded at historical cost. Depreciation is recorded using the straight-line method or MACRS over the estimated useful lives of the assets as follows:

Equipment	4-10 years	Office furniture	5-7 years
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Generally, the Board includes all capital acquisitions with a cost of \$1,000 in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Board wants to monitor the item.

Compensated Absences: At June 30, 2008, employees of the Board had accumulated and vested \$10,279.92 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Net Assets: In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net Assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use. Restricted resources are exhausted before unrestricted net assets are used.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2008:

	<u>Book Balance</u>	<u>Bank Balance</u>
Demand deposits	<u>\$ 122,759.82</u>	<u>\$ 128,337.76</u>

These deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Board does not have any deposits that fall within this category. Deposits of the Board are secured with \$100,000 (Chase Bank) of insurance through FDIC and \$76,411.17 of pledged collateral.

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. All investments of the Board are certificates of deposit with maturities extending beyond 90 days. They are not subject to custodial credit risk. Investments of the Board are secured with \$100,000 (Union Bank) of insurance through FDIC and \$650,893.73 of pledged collateral.

At June 30, 2008, the Board had two certificates whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Union Bank	8/16/08	5.00%	\$ 383,899.84
Union Bank	11/29/08	5.00%	<u>353,780.81</u>
Total			<u>737,680.65</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, being depreciated				
Furniture and fixtures	\$ 35,322.69	\$.00	\$.00	\$ 35,322.69
Less: accumulated depreciation	<u>29,343.07</u>	<u>2,515.84</u>	<u>.00</u>	<u>31,858.91</u>
Net Furniture and Fixtures	5,979.62	(2,515.84)	.00	3,463.78
Computer and related assets	126,864.52	2,012.60	.00	128,877.12
Less: accumulated depreciation	<u>88,095.16</u>	<u>16,047.17</u>	<u>.00</u>	<u>104,142.33</u>
Net Computer and Related Assets	38,769.36	(14,034.57)	.00	24,734.79
Leasehold improvements	1,383.16	.00	.00	1,383.16
Less: accumulated depreciation	<u>995.89</u>	<u>387.27</u>	<u>.00</u>	<u>1,383.16</u>
Net Leasehold Improvements	387.27	(387.27)	.00	.00
Net Capital Assets, being depreciated	<u>45,136.25</u>	<u>(16,937.68)</u>	<u>.00</u>	<u>28,198.57</u>

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 5 – LEAVE

Annual and Sick Leave. The Board's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service. Accumulated leave is carried forward to succeeding years without limitation. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statements of net assets at \$10,279.92.

Compensatory Leave. Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. There was no compensatory leave time accrued at June 30, 2008.

NOTE 6 – RETIREMENT SYSTEM

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (System), a cost sharing multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. 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. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Board is required to contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:102. That rate for the year ended June 30, 2008, was 20.4%. Contributions to the System for the years ended June 30, 2008, 2007 and 2006, were \$16,835.03, \$22,719.92 and \$18,478.37, respectively.

NOTE 7 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE 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.

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

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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	\$ 11,100
30 year UAL amortization amount	<u>11,100</u>
Annual Required Contribution (ARC)	<u>22,200</u>

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

Annual required contribution/OPEB Cost	\$ 22,200
Contributions made	<u>-0-</u>
Change in Net OPEB Obligation	22,200
Net OPEB obligation, beginning	<u>246,100</u>
Net OPEB obligation, ending	<u>268,300</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)	\$ 268,300
Covered payroll (active employees)	141,935
UAAL as a percentage of covered payroll	189%

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

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 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.

NOTE 8 – LEASES

Operating Leases. The Board executed a lease for office space beginning on June 1, 2004. It is for a period of ten years payable at \$2,677.50 per month or \$32,130 annually for the next ten years. For the year ended June 30, 2008, lease payments of \$32,130 were made. A copier is leased on a month-to-month basis from Kyocera Mita of America Inc. for \$194 per month or \$2,328 annually.

Capital Leases. The Board has no capital leases.

NOTE 9 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2008:

<u>Class of Payables</u>	<u>Amount</u>
Accounts	\$ 2,481.23
Payroll and related	10,254.22
Salaries	<u>1,602.00</u>
Total	<u>14,337.45</u>

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008**

NOTE 10 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 8,953.92	\$ 6,084.93	\$ 4,758.93	\$ 10,279.92	\$.00
Other post- employment benefits plan	246,100.00	22,200.00	.00	268,300.00	.00
Total	<u>255,053.92</u>	<u>28,284.93</u>	<u>4,758.93</u>	<u>278,579.92</u>	<u>.00</u>

NOTE 11– RELATED PARTY TRANSACTIONS

There were no related party transactions that require disclosure.

NOTE 12 – LITIGATION

There is no litigation that would require disclosure in this report.

NOTE 13 – SUBSEQUENT EVENTS

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

SUPPLEMENTAL SCHEDULES AND INFORMATION

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2008**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
OPERATING REVENUES				
Licenses and other fees	\$ 429,000.00	\$ 429,000.00	\$ 462,876.00	\$ 33,876.00
OPERATING EXPENSES				
Professional services	213,000.00	213,000.00	135,200.20	77,799.80
Meetings, conferences and travel	42,750.00	42,750.00	40,138.54	2,611.46
Salaries and related benefits	150,000.00	150,000.00	164,135.10	(14,135.10)
General and administrative expense:	66,730.00	66,730.00	70,782.72	(4,052.72)
Depreciation	25,000.00	25,000.00	18,950.28	6,049.72
Total Operating Expenses	497,480.00	497,480.00	429,206.84	68,273.16
Operating Income (Loss)	(68,480.00)	(68,480.00)	33,669.16	102,149.16
NON-OPERATING REVENUES (EXPENSES)				
Interest income	15,000.00	12,000.00	47,055.78	35,055.78
Change in Net Assets	(53,480.00)	(56,480.00)	80,724.94	137,204.94
Net Assets, beginning	777,561.36	777,561.36	777,561.36	-
Prior period adjustment	-	-	(246,100.00)	(246,100.00)
Net Assets, ending	724,081.36	721,081.36	612,186.30	(108,895.06)

See Accountants' Report

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

Board Members

Adcock, Barbara	\$ 1,400.00
Drury, Todd	750.00
Dole, Michael	300.00
Jones, Jerry J.	350.00
Moreau, Jr., Al	200.00
Robichaux, JoAnn	650.00
Williams, Kara	650.00
Wood, Dan	<u>1,400.00</u>
 Total	 <u>5,700.00</u>

Committee Members

Eason, Jane	\$ 100.00
Francois, Dionne	50.00
Hildreth, Paul	100.00
Robichaux, JoAnn (appointed to Board 4/08)	<u>100.00</u>
 Total	 <u>350.00</u>

See Accountants' Report

**MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION**

3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

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

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Board of Directors of the
Louisiana State Board of Physical Therapy Examiners
104 Fairlane Drive
Lafayette, Louisiana 70507

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 Physical Therapy Examiners 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 were no amendments to the budget during the year.

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

We traced the adoption of the original 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.

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.

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

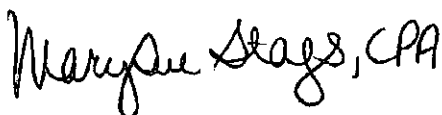
11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances or gifts.

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.

Our prior year report, dated August 22, 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
August 29, 2008

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

Date: 6/30/08

Mary Sue Stages, CPA, APAC
P. O. Box 30
Baker, Louisiana 70704-0030

In connection with your review of our financial statements as of June 30, 2008, 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 June 30, 2008 (date completed).

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 Board Commission, as provided by Article VII, Section 3 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/Clerk	Date
<u>Diana Kobidant</u>	<u>9/20/08</u>
Treasurer	Date
<u>Dawn Ward</u>	<u>09-19-08</u>
President	Date

OTHER REQUIRED SUPPLEMENTARY INFORMATION

**LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2008**

LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT

As a component unit of the State of Louisiana, the financial statements of the Louisiana State Board of Physical Therapy Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration. The amounts recorded have been subjected to the same review procedures as those recorded in the accompanying financial statements.

LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2008

C O N T E N T S

AFFIDAVIT

Statements

MD&A

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Statement of Activities (Additional information in Appendix A)	C
Statement of Cash Flows	D

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STATE OF LOUISIANA
Annual Financial Statement
Fiscal Year Ending June 30, 2008

LA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
(Agency Name)

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

Physical Address:
1201 N. Third Street
Claiborne Building, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Cheryl L Gaudin (Name)
EXECUTIVE DIRECTOR (Title) of BOARD OF PHYSICAL THERAPY (agency)

who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of BOARD OF PHYSICAL THERAPY (agency) at June 30, 2008 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 29 day of AUGUST, 2008.

Cheryl Gaudin
Signature of Agency Official

Elizabeth Ann Gauthier
NOTARY PUBLIC
ELIZABETH ANN GAUTHIER
LAFAYETTE PARISH NOTARY #007857
MY COMMISSION EXPIRES AT DEATH

Prepared by Cheryl Gaudin

Title: Executive Director

Telephone No.: 337-262-1043 ext 102

Date: August 29, 2008

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2008

The Management's Discussion and Analysis of the Louisiana State Board of Physical Therapy Examiners' hereinafter referred to as the Board, financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Board's financial statements, which begin immediately after this section.

FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2008 by \$612,186 which represents a 10% increase from last fiscal year. The net assets increased by \$80,725.
- ★ The Board's revenue increased \$38,260 (or 9%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Board as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board is improving or deteriorating.

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2008

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Board's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Statement of Net Assets
 as of June 30, 2008
 (in thousands)

	Total	
	2008	2007
Current and other assets	\$ 877.00	\$ 752.00
Capital assets	28.00	45.00
Total assets	<u>905.00</u>	<u>797.00</u>
Other liabilities	14.00	10.00
Long-term debt outstanding	278.60	9.00
Total liabilities	<u>292.60</u>	<u>19.00</u>
Net assets:		
Invested in capital assets, net of debt	28.00	45.00
Restricted	-	-
Unrestricted	<u>583.90</u>	<u>733.00</u>
Total net assets	<u>\$ 611.90</u>	<u>\$ 778.00</u>

Net assets of the Board increased by \$80,725 or 10% from June 30, 2007 to June 30, 2008.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2008**

The Board's total revenues increased by \$38,260 or 9%. The total cost of all programs and services increased by \$13,979 or 3%.

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30, 2008
 (in thousands)**

	<u>Total</u>	
	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 463	\$ 425
Operating expenses	429	415
	<u>34</u>	<u>10</u>
Operating income(loss)		
Non-operating revenues(expenses)	<u>47</u>	<u>15</u>
Income(loss) before transfers	<u>81</u>	<u>25</u>
Transfers in	0	0
Transfers out	<u>0</u>	<u>0</u>
Net increase(decrease) in net assets	<u>\$ 81</u>	<u>\$ 25</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the Board had \$28,199 invested in office equipment and furniture(See Table below).

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2008**

**Capital Assets at Year-end
 (Net of Depreciation, in thousands)**

	<u>2008</u>	<u>2007</u>
Land	\$ 0	\$ 0
Buildings and improvements	0	0
Equipment	28	45
Infrastructure	<u>0</u>	<u>0</u>
Totals \$	<u>28</u>	<u>45</u>

This year's major additions included (in thousands):

- Computer software and equipment upgrades

Debt

Debt of the Board includes unused leave time amounting to \$10,280 at June 30, 2008. This is an increase of \$1,326 over the prior year's liability of \$8,954. It also includes unfunded post-employment benefits of \$268,300 based on actuarially determined amounts.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$33,876 over budget and expenditures were less than budget by \$68,273 due in part to less expenditures for professional services than anticipated.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board's appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- Current and prior years' experience
- Known capital requirements
- Fixed fees

The Board expects that next year's results will improve based on the following:

- Online renewals
- Continued increase in the profession of physical therapy

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cheryl Gaudin at 337-262-1043.

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

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	<u>122,760</u>
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		<u>16,465</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		<u>139,224</u>

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		<u>737,681</u>
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		<u>28,199</u>
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>765,879</u>
Total assets	\$	<u>905,104</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	<u>14,337</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>14,337</u>

NONCURRENT LIABILITIES: (Note K)

Contracts payable		
Compensated absences payable		<u>10,280</u>
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		<u>268,300</u>
Other long-term liabilities		
Total noncurrent liabilities		<u>278,580</u>
Total liabilities		<u>292,917</u>

NET ASSETS

Invested in capital assets, net of related debt		<u>28,199</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		<u>583,988</u>
Total net assets		<u>612,186</u>
Total liabilities and net assets	\$	<u>905,104</u>

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

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
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	462,876
Other	_____
Total operating revenues	462,876
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	410,257
Depreciation	18,950
Amortization	_____
Total operating expenses	429,207
Operating income(loss)	33,669
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	47,056
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)	47,056
Income(loss) before contributions, extraordinary items, & transfers	80,725
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	80,725
Total net assets – beginning	777,561
Prior period adjustment - other post-employment benefits plan	(246,100)
Total net assets – ending	\$ 612,186

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

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 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	
Entity	\$ 429,207	\$ 462,876	\$	\$
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				47,056
Miscellaneous				
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				47,056
Change in net assets				80,725
Net assets - beginning as restated				531,461
Net assets - ending				\$ 612,186

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

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

Cash flows from operating activities		
Cash received from customers	\$ 462,876	
Cash payments to suppliers for goods and services	<u>(246,121)</u>	
Cash payments to employees for services	<u>(136,737)</u>	
Payments in lieu of taxes	<u> </u>	
Internal activity-payments to other funds	<u> </u>	
Claims paid to outsiders	<u> </u>	
Other operating revenues(expenses)	<u> </u>	
Net cash provided(used) by operating activities		<u>80,017</u>
Cash flows from non-capital financing activities		
State appropriations	<u> </u>	
Proceeds from sale of bonds	<u> </u>	
Principal paid on bonds	<u> </u>	
Interest paid on bond maturities	<u> </u>	
Proceeds from issuance of notes payable	<u> </u>	
Principal paid on notes payable	<u> </u>	
Interest paid on notes payable	<u> </u>	
Operating grants received	<u> </u>	
Transfers in	<u> </u>	
Transfers out	<u> </u>	
Other	<u> </u>	
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds	<u> </u>	
Principal paid on bonds	<u> </u>	
Interest paid on bond maturities	<u> </u>	
Proceeds from issuance of notes payable	<u> </u>	
Principal paid on notes payable	<u> </u>	
Interest paid on notes payable	<u> </u>	
Acquisition/construction of capital assets	<u>(2,013)</u>	
Proceeds from sale of capital assets	<u> </u>	
Capital contributions	<u> </u>	
Other	<u> </u>	
Net cash provided(used) by capital and related financing activities		<u>(2,013)</u>
Cash flows from investing activities		
Purchases of investment securities	<u>(238,735)</u>	
Proceeds from sale of investment securities	<u>109,012</u>	
Interest and dividends earned on investment securities	<u>41,414</u>	
Net cash provided(used) by investing activities		<u>(88,310)</u>
Net increase(decrease) in cash and cash equivalents		<u>(10,305)</u>
Cash and cash equivalents at beginning of year		<u>133,064.98</u>
Cash and cash equivalents at end of year	\$	<u><u>122,760</u></u>

) Statement D
(Continued)

Louisiana State Board of Physical Therapy Examiners
Year Ended June 30, 2008

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

INTRODUCTION

The Louisiana State Board of Physical Therapy Examiners hereinafter referred to as the Board, was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:2401.1. The following is a brief description of the operations of the Board which includes the parishes in which the is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 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 Committee on the Budget, 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 includes the original appropriation plus subsequent amendments as follows:

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

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>450,500</u>
Amendments:	<u> </u>
	<u> </u>
	<u> </u>
Final approved budget	\$ <u>450,500</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; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) 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 the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are 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 institution's trust department or agent, but not in the entity's name.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
 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>Nonnegotiable Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 122,760	\$ _____	\$ _____	\$ 122,759.82
Deposits in bank accounts per bank	\$ 128,338	\$ _____	\$ _____	\$ 128,337.76
Bank balances 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 agency <u>but not in the entity's name.</u>	\$ _____	\$ _____	\$ _____	\$ -

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.	<u>Chase Bank</u>	<u>Operating</u>	\$ 128,338
2.	_____	_____	_____
Total			\$ 128,338

2. INVESTMENTS

The Board does maintain investment accounts as authorized by La. R.S. 33:2955.

Custodial Credit Risk

All investments of the Board are certificates of deposit held in the name of the Board with maturities greater than 90 days. There is no custodial credit risk associated with these investments.

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

<u>Type of Investment</u>	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>*Unregistered, and Held by Counterparty's Trust Dept. or Agent Not In Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Certificates of deposit	_____	_____	737,681	737,681
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 737,681	\$ 737,681

* Unregistered - not registered in the name of the government or entity

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix B for the definition of U.S. Government Obligations)

3. DERIVATIVES

N/A

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

N/A

5. POLICIES

The Board has no policy concerning risks because it has none.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

N/A

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

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

	Year ended June 30, 2008						Balance 6/30/2008
	Balance 6/30/2007	Prior Period Adjustment	Adjusted Balance 6/30/2007	Additions	Transfers*	Retirements	
Capital assets not being depreciated							
Land	\$	\$	\$	\$	\$	\$	\$
Non-depreciable land improvements							
Capitalized collections							
Construction in progress							
Total capital assets not being depreciated	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Other capital assets							
Machinery and equipment	163,570		163,570	2,013			165,583
Less accumulated depreciation	(118,434)		(118,434)	(18,950)			(137,384)
Total Machinery and equipment	<u>45,136</u>	<u>–</u>	<u>45,136</u>	<u>(16,938)</u>	<u>–</u>	<u>–</u>	<u>28,199</u>
Buildings and improvements							
Less accumulated depreciation							
Total buildings and improvements	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Depreciable land improvements							
Less accumulated depreciation							
Total depreciable land improvements	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Infrastructure							
Less accumulated depreciation							
Total infrastructure	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total other capital assets	<u>45,136</u>	<u>–</u>	<u>45,136</u>	<u>(16,938)</u>	<u>–</u>	<u>–</u>	<u>28,199</u>
Capital Asset Summary:							
Capital assets not being depreciated	–	–	–	–	–	–	–
Other capital assets, at cost	163,570	–	163,570	2,013	–	–	165,583
Total cost of capital assets	<u>163,570</u>	<u>–</u>	<u>163,570</u>	<u>2,013</u>	<u>–</u>	<u>–</u>	<u>165,583</u>
Less accumulated depreciation	(118,434)	–	(118,434)	(18,950)	–	–	(137,384)
Capital assets, net	<u>\$ 45,136</u>	<u>\$ –</u>	<u>\$ 45,136</u>	<u>\$ (16,938)</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 28,199</u>

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

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

E. INVENTORIES

Inventory of the Board includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reporting in the accompanying financial statements.

F. RESTRICTED ASSETS

N/A

G. LEAVE

1. COMPENSATED ABSENCES

The Board has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual 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 annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations. Annual leave accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2008, is \$10,280.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. There was no compensatory leave time accrued at June 30, 2008.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Board are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Board employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, 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 except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF PHYSICAL THERAPY EXAMINERS
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 20.4% of annual covered payroll from the 19.1% required in the prior year. The Board contributions to the System for the years ending June 30, 2008, 2007, and 2006, were \$16,835, \$22,720 and \$18,478, 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	\$ 11,100
30 year UAL amortization amount	<u>11,100</u>
Annual Required Contribution (ARC)	<u>22,200</u>

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

Annual required contribution/OPEB Cost	\$ 22,200
Contributions made	<u>-0-</u>
Change in Net OPEB Obligation	22,200
Net OPEB obligation, beginning	<u>246,100</u>
Net OPEB obligation, ending	<u>268,300</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)	\$ 268,300
Covered payroll (active employees)	141,935
UAAL as a percentage of covered payroll	189%

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 ended June 30, 2008, amounted to \$34,458. 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	\$ 32,130	\$ 32,130	\$ 32,130	\$ 32,130	\$ 32,130	\$ 32,103	\$
Equipment	\$ 2,328						
Land							
Other							
Total	\$ 34,458	\$ 32,130	\$ 32,130	\$ 32,130	\$ 32,130	\$ 32,103	\$ -

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2. CAPITAL LEASES

Capital leases are not recognized in the accompanying financial statements.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008:
(Balances at June 30th should include current and non-current portion of long-term liabilities.)

	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	8,954	6,085	4,759	10,280	--
Capital lease obligations	--	--	--	--	--
Claims and litigation	--	--	--	--	--
OPEB payable	246,100	22,200	--	268,300	--
Other long-term liabilities	--	--	--	--	--
Total other liabilities	<u>255,054</u>	<u>28,285</u>	<u>4,759</u>	<u>278,580</u>	<u>--</u>
Total long-term liabilities	<u>\$ 255,054</u>	<u>\$ 28,285</u>	<u>\$ 4,759</u>	<u>\$ 278,580</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

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Q. REVENUES – PLEDGED OR SOLD (GASB 48)

1. PLEDGED REVENUES

N/A

2. FUTURE REVENUES REPORTED AS A SALE

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

V. DISAGGREGATION OF PAYABLE BALANCES

N/A

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 (GASB STATEMENT 46)

N/A

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CC. IMPAIRMENT OF CAPITAL ASSETS

N/A

DD. EMPLOYEE TERMINATION BENEFITS

N/A

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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	\$ 462,876	\$ 424,516	\$38,360	9%
Expenses	429,207	415,227	13,980	3%
2) Capital assets	28,199	45,136	(16,937)	38%
Long-term debt	278,580	8,954	269,626	> 100%
Net Assets	612,186	777,561	(165,375)	(21%)

Explanation for change: _____

