

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA**

**Basic Financial Statements
and Independent Auditors' Reports
As of and for the Year Ended June 30, 2006
With Supplemental Information**

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 7/6/06

**LOUISIANA STATE BOARD OF DENTISTRY
365 CANAL STREET
NEW ORLEANS, LOUISIANA 70130-1112
(504) 568-8574**

GOVERNING BOARD

As of June 30, 2006

Board Member

Dr. Pamela Daniel
Dr. Dennis E. Donald
Christine Guillaume, R.D.H.
Dr. Louis J. Joseph
Dr. Romell J. Madison
Dr. Charles T. McCabe, Jr.
Dr. Conrad P. McVea, Jr.
Dr. Michael J. Montalbano
Dr. Samuel A. Trinca
Dr. James A. Pearce
Dr. Sam S. Vinci
Dr. Vance L. Wascom
Dr. C. Leonard Wise

LOUISIANA STATE BOARD OF DENTISTRY

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

**Board Members of
Louisiana State Board of Dentistry
Department of Health and Hospitals
State of Louisiana
New Orleans, Louisiana**

We have audited the accompanying basic financial statements of the **Louisiana State Board of Dentistry**, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, as listed in the Table of Contents. These basic financial statements are the responsibility of **Louisiana State Board of Dentistry** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*. Those standards and the guide require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the **Louisiana State Board of Dentistry**, as of June 30, 2006, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying required supplementary information, which consists of the Management's Discussion and Analysis as listed in the Table of Contents is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2006, on our consideration of the **Louisiana State Board of Dentistry's** internal control over financial reporting and

our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the **Louisiana State Board of Dentistry's** basic financial statements. The accompanying supplementary information, such as the Division of Administration Reporting packet, as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements of the **Louisiana State Board of Dentistry**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Leroy J. Chutz
Certified Public Accountant, APAC
August 7, 2006

Beverly A. Ryall
Certified Public Accountant

George J. Delaune
Certified Public Accountant, APC

Required Supplemental Information
Management's Discussion and Analysis

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

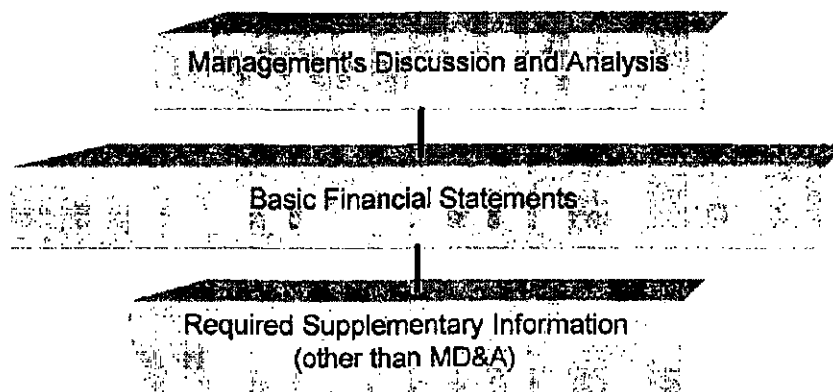
The Management's Discussion and Analysis of the Louisiana State Board of Dentistry's financial performance presents a narrative overview and analysis of the Louisiana State Board of Dentistry's financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, 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 Louisiana State Board of Dentistry's financial statements, which begin with Statement A.

FINANCIAL HIGHLIGHTS

- ★ The Louisiana State Board of Dentistry's assets exceeded its liabilities at the close of fiscal year 2006 by \$38,543 which represents a 229% increase from last fiscal year. The net assets increased by \$68,386 (or 229%).
- ★ The Louisiana State Board of Dentistry's revenue increased \$285,795 (or 49%) and the net results from activities increased by \$354,209 (or 114%).

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*.



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 Louisiana State Board of Dentistry 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.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

The Statement of Net Assets (Statement A) 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 Louisiana State Board of Dentistry is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement B) presents information showing how the Louisiana State Board of Dentistry'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 (Statement D) presents information showing how the Louisiana State Board of Dentistry'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

**Statement of Net Assets
as of June 30, 2006
(in thousands)**

	Total	
	2006	2005
Current and other assets	\$ 760	\$ 560
Capital assets	3	7
Total assets	763	567
Other liabilities	504	564
Long-term debt outstanding	220	32
Total liabilities	724	596
Net assets:		
Invested in capital assets, net of debt	3	7
Restricted	0	0
Unrestricted	36	(36)
Total net assets	\$ 39	\$ (29)

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.

Net assets of the Louisiana State Board of Dentistry increased by \$68,386, or 229%, from June 30, 2005 to June 30, 2006. One of the major causes of this increase is due to excess revenues earned in 2006.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF DENTISTRY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 AS OF JUNE 30, 2006**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
 for the years ended June 30, 2006
 (in thousands)**

	Total	
	2006	2005
Operating revenues	\$ 840	\$ 566
Operating expenses	796	876
Operating income(loss)	44	(310)
Non-operating revenues(expenses)	24	13
Income(loss) before transfers	68	(297)
Transfers in	0	0
Transfers out	0	0
Net increase(decrease) in net assets	\$ 68	\$ (297)

The Louisiana State Board of Dentistry's total revenues increased by \$285,795 or 49%. The total cost of all programs and services decreased by \$79,539 or 9%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Louisiana State Board of Dentistry had \$2,831 invested in capital assets. (See Table below). This amount represents a net decrease (including additions and deductions) of \$3,965, or 58% less than last year.

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

	2006	2005
Equipment	3	7
Totals \$ \$	3	7

There were no additions for the year ended June 30, 2006.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF DENTISTRY
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Debt

Other obligations include accrued vacation pay and sick leave in the amount of \$33,289, and long-term deferred revenues in the amount of \$186,613.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$129 thousand under budget, mainly due to changes in the recognition of revenue. Expenditures were about \$135 thousand under budget, mainly due to fewer investigations and related expenses resulting from the effects of Hurricane Katrina.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Louisiana State Board of Dentistry's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Budget based on present renewal fee rates
- Number of licensees renewing estimated at 15% fewer than prior year

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

- The Board is attempting to raise renewal fees by \$50 per year for dentists and \$25 per year for hygienists

CONTACTING THE LOUISIANA STATE BOARD OF DENTISTRY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Dentistry's finances and to show the Louisiana State Board of Dentistry's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barry Ogden at (504) 568-8574.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Proprietary Fund Financial Statements:
 - Enterprise funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS

Current Assets

Cash and cash equivalents	\$ 755,903.24
Prepaid postage	4,080.28
Total Current Assets	759,983.52

Noncurrent Assets

Equipment	48,883.00
Accumulated depreciation	(46,052.00)
Total noncurrent assets	2,831.00

TOTAL ASSETS	762,814.52
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LIABILITIES

Current Liabilities

Accounts payable	2,469.90
Deferred revenue	501,900.00
Total Current Liabilities	504,369.90

Noncurrent Liabilities

Deferred revenue	186,612.50
Compensated absences	33,288.99
Total Noncurrent Liabilities	219,901.49

TOTAL LIABILITIES	724,271.39
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NET ASSETS

Investment in capital assets	2,831.00
Unrestricted	35,712.13
TOTAL NET ASSETS	\$ 38,543.13

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2006

OPERATING REVENUES:

Charges for services -	
Licenses, permits and fees	\$ 738,952.00
Sales of goods and services	23,500.00
Enforcement actions	75,119.70
Other revenues	2,934.50
Total Operating Revenues	840,506.20

OPERATING EXPENSES:

Administrative	493,531.33
Cost of sales and services	141,920.73
Depreciation	3,965.00
Professional services	156,933.47
Total Operating Expenses	796,350.53

Operating Income (Loss)	44,155.67
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NONOPERATING REVENUES:

Interest earnings	24,230.52
Total Nonoperating Revenues	24,230.52

Increase (Decrease) in net assets	68,386.19
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NET ASSETS AT JUNE 30, 2005	274,269.44
Prior Period Adjustment Note 5	(304,112.50)
NET ASSETS AT JUNE 30, 2005 RESTATED	(29,843.06)
NET ASSETS AT JUNE 30, 2006	\$ 38,543.13

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities

Cash received from customers	\$ 967,556.00
Cash payments to suppliers for goods and services	384,682.86
Cash payments to employees for services	405,271.55
Net cash provided (used) by operating activities	177,601.59

Cash flows from non-capital financing activities

Net cash provided (used) by non-capital financing activities	0.00
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Cash flows from capital and related financing activities

Net cash provided (used) by capital and related financing activities	0.00
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Cash flows from investing activities

Interest earned	24,230.52
Net cash provided (used) by investing activities	24,230.52

Net increase (decrease) in cash and cash equivalents	201,832.11
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Cash and cash equivalents at beginning of year	554,071.74
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Cash and cash equivalents at the end of the year	\$ 755,903.85
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ 44,155.67
Adjustments to reconcile operating income (loss) to net cash	
Depreciation	3,965.00
Changes in assets and liabilities:	
Change in prepaids	1,859.55
Change accounts payable	(526.48)
Change in deferred revenue	127,050.00
Change in compensated absences payable	1,097.85
Net cash provided (used) by operating activities	\$ 177,601.59

Schedule of non cash investing, capital and financing activities:

Fixed asset retirements	\$ 2,662.00
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The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The Louisiana State Board of Dentistry (the Board) is a state board and component unit of the State of Louisiana reporting entity. The board was created under the provisions of Louisiana Revised Statutes (R.S.) 37:751-795. The board, as provided by R.S. 36:259(E), is under the supervision and control of the Louisiana Department of Health and Hospitals. The board is composed of 14 members, 13, licensed and practicing dentists and one dental hygienist, appointed by the Governor; who serve terms of five years. The board has five employees. The board is charged with the responsibility of screening applicants, preparing and administering examinations, issuing licenses for dentists and dental hygienists, and investigating complaints in the field of dentistry. Operations of the board are funded with examination and license fees. As of June 30, 2006 there were 3,960 and 2,791 hygienists licenced in the state.

The accounting and reporting framework and the more significant accounting principles and practices of the Board are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Board's financial activities for the fiscal year ended June 30, 2006. The Board implemented new reporting model standards beginning July 1, 2001. Comparability with reports of all prior years will be affected.

1.B. FINANCIAL REPORTING ENTITY

GASB Statement No. 14, "The Financial Reporting Entity," has defined the governmental reporting entity to be the State of Louisiana. The Louisiana State Board of Dentistry 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 basic financial statements present information only as to the transactions of the Louisiana State Board of Dentistry, a component unit of the State of Louisiana.

Annually the State of Louisiana issues a basic financial statement which includes the activity contained in the accompanying financial statement. The basic financial statement is issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

1.C. BASIS OF PRESENTATION

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

1.D. ASSETS, LIABILITIES AND NET ASSETS

Cash and Cash Equivalents, Investments

For the purpose of the Statement of Net Assets, and Statement of Cash Flows, cash and cash equivalents include all demand, savings accounts, and certificates of deposits of the Board with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Material receivables include accruals for licenses, trade shows, enforcement actions and interest which are accrued when earned.

Prepays

Prepays reflect payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

Capital Assets and Depreciation

Proprietary fund fixed assets (tangible and intangible) are accounted for as capital assets. Capital assets purchased or acquired with an original cost or donated value of \$5,000 or more are recorded at historical cost, or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

-	Computer Software	5 years
-	Improvements	10-50 years
-	Equipment	3-20 years

Compensated Absences

Employees of the Board earn and accumulate vacation and sick leave at varying rates, depending upon their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused vacation leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

The liability for these compensated absences is recorded as long-term debt in the proprietary fund statements. The current portion of this debt can not be estimated and accordingly, it is reported as a noncurrent liability.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

Equity Classifications

Equity is classified as net assets and may be displayed in three components:

- a. Investment in Capital Assets— Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “investment in capital assets.”

1.E. REVENUES AND EXPENSES

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

NOTE 2. - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a state agency, the Board is subject to various state laws and regulations. An analysis of the Board's compliance with significant laws and regulations and demonstration of its stewardship over Board resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

The Board complies with all state laws and regulations requiring the use of separate funds. The Board has no legally required separate funds.

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of the Board in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Louisiana or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Board must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized.

Investments are limited by R.S. 49:327 and the Board's investment policy.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

NOTE 3. - DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenses.

3.A. 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 Louisiana State Board of Dentistry may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Dentistry 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 or federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets 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 custodial bank in the form of safekeeping receipts.

The deposits at June 30, 2006, consisted of the following:

	Cash	Certificates of Deposit	Total
Deposits in Bank Accounts Per Balance Sheet	\$ 755,703	\$ 0	\$ 755,703
Bank Balances of Deposits Exposed to Custodial Credit Risk			
a. Uninsured and uncollateralized			
b. Uninsured and collateralized with securities held by the pledging institute			
c. Uninsured and collateralized with securities held by the pledging institutions's trust department or agent but not in the entity's name	698,396	0	698,396
Total Bank Balances - All Deposits	\$ 698,396	\$ 0	\$ 698,396
Reconciliation to Statement of Net Assets:			
Petty cash			\$ 200
Unrestricted cash			755,703
Total Cash			\$ 755,903

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

3.B. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006, was as follows:

	Restated Balance at June 30, 2005	Additions	Disposals	Balance at June 30, 2006
Furniture and equipment	\$ 51,545		\$ (2,662)	\$ 48,883
Accumulated depreciation	(44,749)	\$ (3,965)	2,662	(46,052)
Total Furniture and equipment	<u>\$ 6,796</u>	<u>\$ (3,965)</u>	<u>\$ 0</u>	<u>\$ 2,831</u>

3.C. ACCOUNTS PAYABLE

Payables are composed of payables to vendors in the amount of \$2469.90

3.D. LONG-TERM DEBT

As of June 30, 2006, the long-term debt of the Board consists of the following:

	Current Portion	Long-Term Portion	Totals
Deferred Revenue	\$ 501,900	\$ 186,613	\$ 688,513
Compensated Absences:			
Current portion (not determinable)			
Noncurrent portion		33,289	33,289
Total Long -Term Debt	<u>\$ 501,900</u>	<u>\$ 33,289</u>	<u>\$ 721,802</u>

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2006:

Type of Debt	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Deferred Revenue (Restated Note 5)	\$ 561,463	\$ 127,050		\$ 688,513
Accrued Compensated Absences	32,191	10,602	\$ 9,504	33,289
Total Long -Term Debt	<u>\$ 593,654</u>	<u>\$ 137,652</u>	<u>\$ 9,504</u>	<u>\$ 721,802</u>

LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 4. - OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan

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 public employee retirement system (PERS) controlled and administered by a separate board of trustees.

All full time employees are eligible to participate in the System. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 month average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with thirty years of service, (b) age 55 with twenty-five years of service, and (c) at age sixty with ten years of service. In addition, vested employees have the option of reduced benefits at any age with twenty years of service. The System also provides death and disability benefits. Benefits are established by state statute. The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employees' Retirement System; P. O. Box 44213; Baton Rouge, LA 70804 or by calling (800)256-3000.

Members are required by state statute to contribute at 7.5% of gross salary. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for fiscal year ended June 30, 2006 increased to 19.1 % of annual covered payroll from the 17.8% and 15.8% in fiscal years ended June 30, 2005 and 2004 respectively. The board contributions to the System for the year ending June 30, 2006, 2005 and 2004 are \$48,749 , \$43,954, and \$37,449 respectively, equal to the required contributions for that year.

Post Employment Health Care and Life Insurance Benefits

Substantially all Board employees become eligible for post employment health care, dental, and life insurance benefits if they reach normal retirement age while working for the Board. These benefits for retirees and similar benefits for active employees are provided through the insurance company whose premiums are paid jointly by the employee and the Board. The Board recognizes the cost of providing these benefits as an expenditure when paid during the year. For the year ended June 30, 2006, there was no cost of providing these benefits since there were no retirees.

Deferred Compensation Plan

Certain employees of the Board participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.. The costs were \$5,000 and \$5,000 for the employer and employee respectively for 2006 and 2005.

4.B. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Board's management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

4.C. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; employee health and life; and natural disasters. The Board manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk Retained</u>
Torts, errors and omissions	Purchased insurance with Louisiana Office of Risk Management public entity risk pool	None
Injuries to employees (Workers' compensation)	Participates in Louisiana Office of Risk Management public entity risk pool	None
Physical property loss and natural disasters	Purchased insurance with Louisiana Office of Risk Management public entity risk pool	None
Health and life	Participates in Louisiana Office of Group Benefits Plan	None

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Board. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Public Entity Risk Pool

The Board participates in the Louisiana State Office of Risk Management (public entity risk pool), which is responsible for negotiating, compromising and settling all claims including all tort claims against the Board.

4.D. COMMITMENTS AND CONTINGENCIES

Contingencies

Litigation

The State of Louisiana, Division of Administration, Office of Risk Management has not reported any cases pending.

4.E. OPERATING LEASE

The Board entered into a 10 year lease for office space at 365 Canal Street, Suite 2680, New Orleans, LA. The terms of the lease requires monthly payments ending in August, 2009.

Future minimum lease payments under capital lease are as follows:

Year Ending June 30		
2007	\$	48,339
2008		49,820
2009		50,067
2010		8,345
Total minimum lease payments	<u>\$</u>	<u>156,571</u>

**LOUISIANA STATE BOARD OF DENTISTRY
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

4.F. COMPENSATION PAID TO BOARD MEMBERS

The schedule of per diem payments to Board Members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$150 for each day and actual reimbursement for travel expense while they are engaged in the discharge of their duties. In addition, the president shall receive a salary in connection with his duties as set by the board, as authorized by R.S. 37:755.

Commissioner	No. of Days	Amount
C. Leonard Wise, D.D.S.	8	\$ 1,200
Charles T. McCabe, Jr., D.M.D.	20	3,000
Christine M Guillaume	21	3,150
Vance L. Wascom*	21	6,150
James Pearce	23	3,450
Dennis E. Donald, D.D.S.*	30	8,100
Conrad P. McVea, Jr.	26	3,900
Romell J. Madison	12	1,800
Samuel A. Trinca	30	4,500
Sam S. Vinci	23	3,450
Pamela B. Daniel	5	750
Louis J. Joseph	18	2,700
Charley Lester	16	2,400
Lynn Philippe	10	1,500
David Melancon	3	450
Total		<u>\$ 46,500</u>

*Board President receives \$600.00 per month, plus reimbursement of \$150.00 per meeting day.

5. RESTATEMENT OF PRIOR YEAR NET ASSETS

Net assets were previously reported as \$274,269.44 as of June 30, 2005. An adjustment, or restatement was made in the amount of \$304,112.50 which was necessary to increase deferred revenues as of June 30, 2005, and to recognize the appropriate revenues for each year ended June 30, 2005 and 2006. Net assets as of June 30, 2005 as restated is \$(29,843.06).

OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material misstatements in internal control or compliance matters that would be material to the presented financial statements.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board Members of
Louisiana State Board of Dentistry
Department of Health and Hospitals
State of Louisiana
New Orleans, Louisiana**

We have audited the basic financial statements of the **Louisiana State Board of Dentistry**, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Louisiana State Board of Dentistry's** basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **Louisiana State Board of Dentistry's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the **Louisiana State Board of Dentistry** and its management, the Louisiana Legislative Auditor, the State of Louisiana and is not intended to be, and should not be used by anyone other than these specified parties. Under provisions of state law, this report is a public document, and it has been distributed to appropriate officials.

Leroy J. Chustz
Certified Public Accountant, APAC
August 7, 2006

Beverly A. Ryall
Certified Public Accountant

George F. Delaune
Certified Public Accountant, APC

**LOUISIANA STATE BOARD OF DENTISTRY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Louisiana State Board of Dentistry.
2. No reportable conditions were disclosed during the audit of the basic financial statements.
3. No instances of noncompliance were disclosed during the audit of the basic financial statements.
4. There were no reportable conditions, no findings non compliance findings related to federal awards received by Louisiana State Board of Dentistry.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

NONE -

C. FINDINGS – Federal financial assistance

NONE -

**LOUISIANA STATE BOARD OF DENTISTRY
RESOLUTION OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2006**

A. SUMMARY OF PRIOR YEAR AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Louisiana State Board of Dentistry.
2. No reportable conditions were disclosed during the audit of the basic financial statements.
3. One instance of noncompliance were disclosed during the audit of the basic financial statements as described below as finding 2005-1.
4. There were no federal awards received by Louisiana State Board of Dentistry.

B. PRIOR YEAR FINDINGS – FINANCIAL STATEMENTS AUDIT

2005-1 Improper Travel Expense Reimbursement

Criteria -

Public funds should not be spent on alcoholic beverages. There is a general constitutional prohibition, state travel regulations prohibit such payments and the Board's policy prohibits the payment for alcoholic beverages.

Condition -

We found one instance in which a meal reimbursement included reimbursement for alcoholic beverages. The amount reimbursed was approximately \$26. Based on our other testing, this appears to have been an isolated incident.

Effect -

The Board did not comply with the provisions of the Louisiana Constitution, State Travel Policy and the Board's travel policy.

Cause -

Unknown

Recommendation -

The Executive Director of the Board should assign the responsibility to an individual and monitor the proper conduct of the expense audit process.

Current Year Status -

We found no further instances of this finding.

SUPPLEMENTAL INFORMATION REQUIRED BY

STATE OF LOUISIANA
DIVISION OF ADMINISTRATION
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY

The following pages contain a report on the Board's Annual Financial Report prepared in accordance with the requirements of the Louisiana Division of Administration, Office of Statewide Reporting and Accounting Policy.

SHARP & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL ACCOUNTING CORPORATION

2439 MANHATTAN BOULEVARD SUITE 205
HARVEY, LOUISIANA 70058
Telephone (504) 362-5340 Fax (504) 362-5843

ACCOUNTANT'S COMPILATION REPORT

To the Board Members
LOUISIANA STATE BOARD OF DENTISTRY
New Orleans, Louisiana

We have compiled the accompanying financial statements of the business-type activities of the LOUISIANA STATE BOARD OF DENTISTRY, as of June 30, 2006, and for the year then ended, which collectively comprise the Board's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other assurance on the supplementary information.

We are not independent with respect to Louisiana State Board of Dentistry.

SHARP & COMPANY, CPAs
A Professional Accounting Corporation

Harvey, Louisiana
August 8, 2006

Louisiana State Board of Dentistry
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

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**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2006**

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note C)	\$ 755,903
Investments (Note C2)	_____
Receivables (net of allowance for doubtful accounts)(Note U)	_____
Due from other funds (Note Y)	_____
Due from federal government	_____
Inventories	_____
Prepayments	4,080
Notes receivable	_____
Other current assets	_____
Total current assets	759,983
NONCURRENT ASSETS:	
Restricted assets (Note F):	
Cash	_____
Investments	_____
Receivables	_____
Notes receivable	_____
Capital assets (net of depreciation)(Note D)	
Land	_____
Buildings and improvements	_____
Machinery and equipment	2,831
Infrastructure	_____
Construction in progress	_____
Other noncurrent assets	_____
Total noncurrent assets	2,831
Total assets	\$ 762,814
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accruals (Note K)	\$ 2,470
Due to other funds (Note Y)	_____
Due to federal government	_____
Deferred revenues	501,900
Amounts held in custody for others	_____
Other current liabilities	_____
Current portion of long-term liabilities:	
Contracts payable	_____
Reimbursement contracts payable	_____
Compensated absences payable (Note K)	_____
Capital lease obligations - (Note J)	_____
Notes payable	_____
Liabilities payable from restricted assets (Note Z)	_____
Bonds payable	_____
Other long-term liabilities	_____
Total current liabilities	504,370
NON-CURRENT LIABILITIES:	
Contracts payable	_____
Reimbursement contracts payable	_____
Compensated absences payable (Note E)	33,289
Capital lease obligations (Note J)	_____
Deferred revenues	186,613
Liabilities payable from restricted assets (Note Z)	_____
Bonds payable	_____
Other long-term liabilities	_____
Total long-term liabilities	219,901
Total liabilities	724,271
NET ASSETS	
Invested in capital assets, net of related debt	2,831
Restricted for:	
Capital projects	_____
Debt service	_____
Unemployment compensation	_____
Other specific purposes	_____
Unrestricted	35,712
Total net assets	38,543
Total liabilities and net assets	\$ 762,814

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES	
Sales of commodities and services	\$ 23,500
Assessments	<u>75,120</u>
Use of money and property	
Licenses, permits, and fees	<u>713,450</u>
Other	<u>28,435</u>
Total operating revenues	<u>840,505</u>
OPERATING EXPENSES	
Cost of sales and services	<u>653,223</u>
Administrative	<u>139,162</u>
Depreciation	<u>3,965</u>
Amortization	
Total operating expenses	<u>796,350</u>
Operating income(loss)	<u>44,155</u>
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other - Interest Income	<u>24,231</u>
Total non-operating revenues(expenses)	<u>24,231</u>
Income(loss) before contributions and transfers	<u>68,386</u>
Capital contributions	
Transfers in	
Transfers out	
Change in net assets	<u>68,386</u>
Total net assets – beginning as restated	<u>(29,843)</u>
Total net assets – ending	<u>\$ 38,543</u>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
BTA	\$ 796,351	\$ 23,500	\$	\$ (772,851)
General revenues:				
Taxes				<u> </u>
State appropriations				<u> </u>
Grants and contributions not restricted to specific programs				<u> </u>
Interest				<u>24,231</u>
Miscellaneous				<u>817,006</u>
Special items				<u> </u>
Transfers				<u> </u>
Total general revenues, special items, and transfers				<u>841,237</u>
Change in net assets				<u>68,386</u>
Net assets - beginning				<u>(29,843)</u>
Net assets - ending				<u>\$ 38,543</u>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities	
Cash received from customers	\$ <u>967,556</u>
Cash payments to suppliers for goods and services	<u>(383,847)</u>
Cash payments to employees for services	<u>(406,109)</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>177,600</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>
Other	<u> </u>
Transfers In	<u> </u>
Transfers Out	<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> </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> </u>
Cash flows from investing activities	
Purchases of investment securities	<u> </u>
Proceeds from sale of investment securities	<u> </u>
Interest and dividends earned on investment securities	<u>24,231</u>
Net cash provided(used) by investing activities	<u>24,231</u>
Net increase(decrease) in cash and cash equivalents	<u>201,831</u>
Cash and cash equivalents at beginning of year	<u>554,072</u>
Cash and cash equivalents at end of year	\$ <u><u>755,903</u></u>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2006**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$	<u>44,155</u>
Adjustments to reconcile operating income(loss) to net cash			
Depreciation/amortization	3,965		
Provision for uncollectible accounts			
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net			
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments	1,859		
(Increase)decrease in inventories			
(Increase)decrease in other assets	(106)		
Increase(decrease) in accounts payable and accruals	(420)		
Increase(decrease) in accrued payroll and related benefits	1,098		
Increase(decrease) in compensated absences payable			
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues	127,049		
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	<u>177,600</u>

Schedule of noncash Investing, capital, and financing activities:

Borrowing under capital lease	\$	<u> </u>
Contributions of fixed assets		<u> </u>
Purchases of equipment on account		<u> </u>
Asset trade-ins		<u> </u>
Other (specify)		<u> </u>
<u>Fixed asset retirements</u>		<u>2,662</u>
Total noncash investing, capital, and financing activities:	\$	<u><u>2,662</u></u>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
LOUISIANA STATE BOARD OF DENTISTRY
Notes to the Financial Statements
As of and for the year ended June 30, 2006**

INTRODUCTION

The Louisiana State Board of Dentistry (the Board) is a component of the State of Louisiana – Department of Health and Hospitals and was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute (LSA-R.S.) 37:751-795. The following is a brief description of the operations of the Board which includes the parish/parishes in which the Board is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

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

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING

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

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

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2006**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>931,000</u>
Amendments:	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/> <hr style="border: 0; border-top: 1px solid black; margin-bottom: 2px;"/>
Final approved budget	\$ <u><u>931,000</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

DEPOSITS WITH FINANCIAL INSTITUTIONS

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

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets 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.

Beginning in FY 2004, the implementation of GASB Statement 40 (which amended GASB Statement 3) eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2006**

The deposits at June 30, 2006, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>755,703</u>	\$ _____	\$ _____	\$ <u>755,703</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk:				
a. Uninsured and uncollateralized	_____	_____	_____	-
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	-
c. Uninsured and collateralized with securities held held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	<u>698,396</u>	_____	_____	<u>698,396</u>
Total Bank Balances - All Deposits	\$ <u>798,396</u>	\$ _____	\$ _____	\$ <u>798,396</u>

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

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Capital One Bank - #812511920</u>	<u>Operating</u>	\$ <u>45,000</u>
2. <u>Capital One Bank - #812511939</u>	<u>Investment</u>	<u>753,396</u>
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u>798,396</u>

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

Cash in State Treasury	\$ _____
Petty cash	\$ <u>200</u>

STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
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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, 2006						Balance 6/30/2006
	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 6/30/2005	Additions	Transfers*	Retirements	
Capital assets not being depreciated							
Land	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Non-depreciable land improvements							
Capitalized collections							
Construction in progress							
Total capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets							
Furniture, fixtures, and equipment	\$ 51,545	\$ --	\$ 51,545	\$ --	\$ (2,662)	\$ 48,883	
Less accumulated depreciation	(44,749)	--	(44,749)	(3,965)	2,662	(46,052)	
Total furniture, fixtures, and equipment	6,796	--	6,796	(3,965)	--	2,831	
Buildings and improvements							
Less accumulated depreciation							
Total buildings and improvements	--	--	--	--	--	--	
Depreciable land improvements							
Less accumulated depreciation							
Total depreciable land improvements	--	--	--	--	--	--	
Infrastructure							
Less accumulated depreciation							
Total infrastructure	--	--	--	--	--	--	
Total other capital assets	\$ 6,796	\$ --	\$ 6,796	\$ (3,965)	\$ --	\$ 2,831	
Capital Asset Summary:							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	
Other capital assets, at cost	51,545	--	51,545	--	(2,662)	48,883	
Total cost of capital assets	51,545	--	51,545	--	(2,662)	48,883	
Less accumulated depreciation	(44,749)	--	(44,749)	(3,965)	2,662	(46,052)	
Capital assets, net	\$ 6,796	\$ --	\$ 6,796	\$ (3,965)	\$ --	\$ 2,831	

* 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.

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LOUISIANA STATE BOARD OF DENTISTRY
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E. LEAVE

COMPENSATED ABSENCES

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

Employees earn and accumulate annual and sick leave at various rates established by the Louisiana Department of Civil Service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for all accumulated annual leave up to 300 hours at the employee's hourly rate of pay at the time of termination. Upon retirement, any uncompensated annual leave at the employee's option plus unused sick leave is used to compute retirement benefits.

The cost of compensated absences, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the financial statements when earned. At June 30, 2006, employees of the Board had accumulated and vested \$33,289 of employee leave benefits. The cost of compensated absences applicable to the operations not requiring current resources is recorded as long-term obligations. No liability has been recorded for accumulated vacation time in excess of 300 hours or for accumulated sick leave which, upon retirement, are used to compute retirement benefits.

F. RETIREMENT SYSTEM

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

All full-time Louisiana State Board of Dentistry 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.

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, within qualifications and amounts define by statute. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System.

For the full description of the LASERS defined benefit plan, please refer to LASERS 2005 Financial Statements, and 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 is also available on-line at:

[http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_05.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports%2005.pdf)

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
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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, 2006, increased to 19% of annual covered payroll from the 17% and 16% required in fiscal years ended June 30, 2005 and 2004, respectively. The Board contributions to the System for the years ended June 30, 2006, 2005, and 2004, were \$48,749, \$43,954, and \$37,449, respectively, equal to the required contributions for each year.

G. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

GASB 12 requires the following disclosures about an employer's accounting for post retirement health care and life insurance benefits:

1. A description of the benefits provided and the employee group covered.
2. A description of the accounting and funding policies followed for those benefits.
3. The cost of those benefits recognized for the period, unless the costs are not readily determinable.*
4. The effect of significant matters affecting the comparability of the costs recognized for all periods presented.

*If the cost of any post retirement health care or life insurance benefits cannot readily be separated from the cost of providing such benefits for active employees or otherwise be reasonably approximated, the total cost of providing those benefits to active employees and retirees, as well as the number of active employees and the number of retirees covered by the plan must be disclosed.

The Board provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Louisiana State Board of Dentistry employees become eligible for those benefits if they reach normal retirement age while working for the Board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the Louisiana State Board of Dentistry. The Board recognizes the cost of providing these benefits (Louisiana State Board of Dentistry's portion of premiums) as an expenditure when paid during the year, which was none for the year ended June 30, 2006. The Board's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2006 there were no costs for retiree benefits.

H. LEASES

OPERATING LEASES

The total payments for operating leases during fiscal year June 30, 2006 amounted to \$48,122. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012- 2016</u>	<u>FY2017- 2021</u>
Building Lease	\$ 48,339	\$ 49,820	\$ 50,067	\$ 8,345	\$ -	\$ -	\$ -
Total	\$ 48,339	\$ 49,820	\$ 50,067	\$ 8,345	\$ -	\$ -	\$ -

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2006**

I. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2006:

	Balance June 30, 2005	Year ended June 30, 2006		Balance June 30, 2006	Amounts due within one year
		Additions	Reductions		
Bonds and notes payable:					
Notes payable	\$ --	\$ --	\$ --	\$ --	\$ --
Reimbursement contracts payable					
Bonds payable					
Total notes and bonds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other liabilities:					
Contracts payable					
Compensated absences payable	32,191	10,602	9,504	33,289	
Capital lease obligations					
Deferred revenues		186,613		186,613	
Claims and litigation					
Other long-term liabilities					
Total other liabilities	<u>32,191</u>	<u>197,215</u>	<u>9,504</u>	<u>219,901</u>	<u>--</u>
Total long-term liabilities	<u>\$ 32,191</u>	<u>\$ 197,215</u>	<u>\$ 9,504</u>	<u>\$ 219,901</u>	<u>\$ --</u>

The Louisiana State Board of Dentistry does not accrue interest expense on Compensated Absences Payable.

J. LITIGATION

The Board's legal advisor estimates that potential claims not covered by insurance would not affect the financial statements. For the year ended June 30, 2006, there were no contingent liabilities included in the financial statements.

Claims and litigation costs of \$ 66,738 were incurred in the current year and are reflected in the accompanying financial statement. These costs resulted from lawsuits and investigations against dentists.

K. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Operating	\$ 2,576	\$ --	\$ --	\$ --	\$ 2,576
Total payables	<u>\$ 2,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,576</u>

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 Notes to the Financial Statements
 As of and for the year ended June 30, 2006**

L. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 2006.

Ending Net Assets July 1, 2006, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2006, <u>As restated</u>
\$ <u>274,270</u>	\$ <u>(304,113)</u>	\$ <u>(29,843)</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

Each adjustment must be explained in detail on a separate sheet.

Prior year restatement was necessary to increase deferred revenues at June 30, 2005 and to recognize the appropriate revenues for each year ended June 30, 2005 and 2006 to reflect the Board's two year licensure policy.

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
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**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 SCHEDULE OF COMPARISON FIGURES
 For the Year Ended June 30, 2006**

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>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 864,737	\$ 578,942	285,795	49%
Expenses	796,351	875,890	(79,539)	(9%)
2) Capital assets	2,831	6,796	(3,965)	(58%)
Long-term debt	219,796	32,191	187,710	583%
Net Assets	35,712	(32,674)	68,386	209%
Explanation for change:	_____			

**STATE OF LOUISIANA – DEPARTMENT OF HEALTH AND HOSPITALS
 LOUISIANA STATE BOARD OF DENTISTRY
 SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
 For the Year Ended June 30, 2006**

<u>Name</u>	<u>Amount</u>
C. Leonard Wise, D.D.S.	\$ 1,200
Charley M. Lester	2,400
Charles T. Mc Cabe, Jr., D.M.D.	3,000
Christine M. Guillaume	3,150
Vance L. Wascom	6,150
James Pearce	3,450
Dennis E. Donald, D.D.S.	8,100
Conrad P. Mc Vea, Jr.	3,900
Romell J. Madison	1,800
Samuel A. Trinca	4,500
Sam S. Vinci	3,450
Lynn Philippe	1,500
Pamela B. Daniel	750
Louis J. Joseph	2,700
David Melancon	450
	<u>\$ 46,500</u>

SCHEDULE 1

See Accountant's Compilation Report.