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LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS
DEPARTMENT OF HEALTH AND HOSPITALS
STATE OF LOUISIANA

COMPILED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

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 9-13-06

LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

STATE OF LOUISIANA

Annual Financial Statements

June 30, 2006

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LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006

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DYER & VICKNAIR

(CERTIFIED PUBLIC ACCOUNTANTS)

ERIC J. VICKNAIR, CPA (APC)

GLYNN R. DYER, CPA (APC), (RETIRED)

To the Board Members
Louisiana State Board of Examiners of Psychologists
Department of Health and Hospitals
State of Louisiana

We have compiled the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) as of and for the year ended June 30, 2006, in accordance with *Statements and 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 of the Louisiana State Board of Examiners of Psychologists. We have not audited or reviewed the accompanying Division of Administration, Office of Statewide Reporting and Accounting Policy's Annual Fiscal Report (AFR) and, accordingly, do not express an opinion or any other form of assurance on them.

Baton Rouge, Louisiana
August 31, 2006

Dyer & Vicknair

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2006

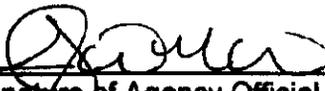
Louisiana State Board of Examiners of Psychologists

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jaime Monic (Name)
Executive Director (Title) of Louisiana State Board of Examiners of Psychologists who duly
sworn, deposes and says, that the financial statements herewith given present fairly the financial
position of Louisiana State Board of Examiners of Psychologists at June 30, 2006 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 29th day of August, 2006.



Signature of Agency Official



NOTARY PUBLIC
Rebecca WISBAR,

LA BAR ROLL # 17655

Prepared by: Ouida M. Nugent

Title: Accountant

Telephone No.: 225-752-3425

Date: August 24, 2006

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
BALANCE SHEET
AS OF JUNE 30, 2006**

ASSETS

CURRENT ASSETS:

| | | |
|--|----|---------|
| Cash and cash equivalents (Note C1) | \$ | 163,398 |
| Investments (Note C2) | | |
| Receivables (net of allowance for doubtful accounts)(Note U) | | |
| Due from other funds (Note Y) | | |
| Due from federal government | | |
| Inventories | | |
| Prepayments | | 4,433 |
| Notes receivable | | |
| Restricted assets (Note F): | | |
| Cash | | |
| Investments | | |
| Receivables | | |
| Other current assets | | |
| Total current assets | | 167,831 |

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 | | 6,274 |
| infrastructure | | |
| Construction in progress | | |
| Other noncurrent assets | | |
| Total noncurrent assets | | 6,274 |
| Total assets | \$ | 174,105 |

LIABILITIES

CURRENT LIABILITIES:

| | | |
|---|----|---------|
| Accounts payable and accruals (Note V) | \$ | 19,064 |
| Due to other funds (Note Y) | | |
| Due to federal government | | |
| Deferred revenues | | 96,500 |
| 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 | | 115,564 |

NON-CURRENT 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 long-term liabilities | | 115,564 |

NET ASSETS

| | | |
|---|----|---------|
| Invested in capital assets, net of related debt | | 6,274 |
| Restricted for: | | |
| Capital projects | | |
| Debt service | | |
| Unemployment compensation | | |
| Other specific purposes | | |
| Unrestricted | | 52,267 |
| Total net assets | | 58,541 |
| Total liabilities and net assets | \$ | 174,105 |

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

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006**

| | |
|---|------------------|
| OPERATING REVENUES | |
| Sales of commodities and services | \$ _____ |
| Assessments | _____ |
| Use of money and property | _____ |
| Licenses, permits, and fees | <u>158,916</u> |
| Other | _____ |
| Total operating revenues | <u>158,916</u> |
| OPERATING EXPENSES | |
| Cost of sales and services | _____ |
| Administrative | <u>180,484</u> |
| Depreciation | <u>2,453</u> |
| Amortization | _____ |
| Total operating expenses | <u>182,937</u> |
| Operating income(loss) | <u>(24,021)</u> |
| NON-OPERATING REVENUES(EXPENSES) | |
| State appropriations | _____ |
| Intergovernmental revenues (expenses) | _____ |
| Taxes | _____ |
| Use of money and property | <u>3,981</u> |
| Gain (loss) on disposal of fixed assets | _____ |
| Federal grants | _____ |
| Interest expense | _____ |
| Other | _____ |
| Total non-operating revenues(expenses) | <u>3,981</u> |
| Income(loss) before contributions and transfers | <u>(20,040)</u> |
| Capital contributions | _____ |
| Transfers in | _____ |
| Transfers out | _____ |
| Change in net assets | <u>(20,040)</u> |
| Total net assets – beginning as restated | <u>78,581</u> |
| Total net assets – ending | <u>\$ 58,541</u> |

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

Statement B

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | |
|--|------------------|-------------------------|--|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | | Capital Grants and Contributions |
| BTA | \$ 182,937 | \$ 158,916 | \$ | \$ | \$ (24,021) |
| General revenues: | | | | | |
| Taxes | | | | | |
| State appropriations | | | | | |
| Grants and contributions not restricted to specific programs | | | | | |
| Interest | | | | | 3,981 |
| Miscellaneous | | | | | |
| Special items | | | | | |
| Transfers | | | | | |
| Total general revenues, special items, and transfers | | | | | 3,981 |
| Change in net assets | | | | | (20,040) |
| Net assets - beginning | | | | | 78,581 |
| Net assets - ending | | | | | \$ 58,541 |

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

| | | |
|---|----|-----------------------|
| Cash flows from operating activities | | |
| Cash received from customers | \$ | 169,791 |
| Cash payments to suppliers for goods and services | | (92,905) |
| Cash payments to employees for services | | (81,808) |
| Payments in lieu of taxes | | |
| Internal activity-payments to other funds | | |
| Claims paid to outsiders | | |
| Other operating revenues(expenses) | | |
| Net cash provided(used) by operating activities | | <u>(4,922)</u> |
| Cash flows from non-capital financing activities | | |
| State appropriations | | |
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Operating grants received | | |
| Other | | |
| Transfers in | | |
| Transfers out | | |
| Net cash provided(used) by non-capital financing activities | | <u>0</u> |
| Cash flows from capital and related financing activities | | |
| Proceeds from sale of bonds | | |
| Principal paid on bonds | | |
| Interest paid on bond maturities | | |
| Proceeds from issuance of notes payable | | |
| Principal paid on notes payable | | |
| Interest paid on notes payable | | |
| Acquisition/construction of capital assets | | (1,266) |
| Proceeds from sale of capital assets | | |
| Capital contributions | | |
| Other | | |
| Net cash provided(used) by capital and related financing activities | | <u>(1,266)</u> |
| Cash flows from investing activities | | |
| Purchases of investment securities | | |
| Proceeds from sale of investment securities | | |
| Interest and dividends earned on investment securities | | 3,981 |
| Net cash provided(used) by investing activities | | <u>3,981</u> |
| Net increase(decrease) in cash and cash equivalents | | <u>(2,207)</u> |
| Cash and cash equivalents at beginning of year | | <u>165,605</u> |
| Cash and cash equivalents at end of year | \$ | <u><u>163,398</u></u> |

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 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>(24,021)</u> |
| Adjustments to reconcile oper. income (loss) to net cash | | |
| Depreciation/amortization | <u>2,453</u> | |
| Provision for uncollectible accounts | <u> </u> | |
| Changes in assets and liabilities: | | |
| Increase(decrease) in accounts receivable | <u> </u> | |
| Increase(decrease) in due from other funds | <u> </u> | |
| Increase(decrease) in prepayments | <u>(2,370)</u> | |
| Increase(decrease) in inventories | <u> </u> | |
| Increase(decrease) in other assets | <u> </u> | |
| Increase(decrease) in accounts payable | <u>14,785</u> | |
| Increase(decrease) in accrued payroll and related benefits | <u>(327)</u> | |
| Increase(decrease) in compensated absences payable | <u>(6,317)</u> | |
| Increase(decrease) in due to other funds | <u> </u> | |
| Increase(decrease) in deferred revenues | <u>10,875</u> | |
| Increase(decrease) in other liabilities | <u> </u> | |
| Net cash provided(used) by operating activities | \$ | <u><u>(4,922)</u></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> </u> | <u> </u> |
| <u> </u> | <u> </u> |
| Total noncash investing, capital, and financing activities: | <u><u>0</u></u> |

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

INTRODUCTION

The Louisiana State Board of Examiners of Psychologists was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:2351-2369, 36:803. The following is a brief description of the operations of Louisiana State Board of Examiners of Psychologists, which includes the parish/parishes in which Louisiana State Board of Examiners of Psychologists 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 Louisiana State Board of Examiners of Psychologists present information only as to the transactions of the programs of the Louisiana State Board of Examiners of Psychologists 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 Louisiana State Board of Examiners of Psychologists 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 Louisiana State Board of Examiners of Psychologists are annual lapsing appropriations.

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

| | <u>APPROPRIATIONS</u> |
|--------------------------|-----------------------------|
| Original approved budget | \$ <u>156,000</u> |
| Amendments: | <u>0</u> |
| | <u> </u> |
| | <u> </u> |
| Final approved budget | \$ <u><u>156,000</u></u> |

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Examiners of Psychologists may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Examiners of Psychologists 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. The deposits at June 30, 2006 were secured as follows:

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 Notes to the Financial Statement
 As of and for the year ended June 30, 2006

| | | |
|--|-------------|--------------|
| | <u>CASH</u> | <u>TOTAL</u> |
| DEPOSITS IN BANK ACCOUNTS PER BALANCE SHEET (ALL FDIC INSURED) | \$163,198 | \$163,198 |

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> |
|--------------------------------|---------------------------|-------------------|
| Chase Bank | Savings - 000001621905403 | \$ 68,265 |
| Neighbors Federal Credit Union | Checking - 43582 | 42,093 |
| Neighbors Federal Credit Union | Savings - 43582 | 27,840 |
| Chase Bank | Checking - 00000699487336 | 25,000 |
| Total | | \$ 163,198 |

Petty Cash 200

2. INVESTMENTS

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

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

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 are 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 | | | | | | Adjusted 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 | 16,538 | -- | 16,538 | 1,266 | -- | -- | 17,804 |
| Less accumulated depreciation | (9,077) | -- | (9,077) | (2,453) | -- | -- | (11,530) |
| Total furniture, fixtures, and equipment | 7,461 | -- | 7,461 | (1,187) | -- | -- | 6,274 |
| 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 | 7,461 | -- | 7,461 | (1,187) | -- | -- | 6,274 |
| Capital Asset Summary: | | | | | | | |
| Capital assets not being depreciated | -- | -- | -- | -- | -- | -- | -- |
| Other capital assets, at cost | 16,538 | -- | 16,538 | 1,266 | -- | -- | 17,804 |
| Total cost of capital assets | 16,538 | -- | 16,538 | 1,266 | -- | -- | 17,804 |
| Less accumulated depreciation | (9,077) | -- | (9,077) | (2,453) | -- | -- | (11,530) |
| Capital assets, net | 7,461 | -- | 7,461 | (1,187) | -- | -- | 6,274 |

* 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 EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

E. INVENTORIES

There are no inventories.

F. RESTRICTED ASSETS

There are no restricted assets.

G. LEAVE

1. COMPENSATED ABSENCES

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

The earning of annual and sick leave is based on the equivalent of full-time state service. It is credited at the end of each regular pay period of 80 hours of regular duty.

Accrued unused annual and sick leave shall be carried forward to the succeeding calendar years without limitation. Annual leave must be applied for by the employee and may be used only when approved by the Board. Upon retirement or resignation, unused annual leave of up to 300 hours is paid at the employee's current rate of pay. The employee is not paid for any unused sick leave. Annual leave in excess of 300 hours and sick leave are used in the retirement benefit computation as earned service.

At June 30, 2006, the employees of the Board had no accumulated and vested employee leave benefits, which was computed in accordance with GASB Codification Section C60, as modified by GASB Statement Number 16.

2. COMPENSATORY LEAVE

There is no compensatory leave.

H. RETIREMENT SYSTEM

One full-time active employee and one retired employee of the Louisiana State Board of Examiners of Psychologists are members of the LA 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, administered and controlled by a separate board of trustees.

All full-time Louisiana State Board of Examiners of Psychologists' 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 EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

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 7/1/2006 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 defined 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, 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>.

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Louisiana State Board of Examiners of Psychologists is required to contribute at an actuarially determined rate as required by R.S. 11:102. Since the Louisiana State Board of Examiners of Psychologists had only one participating employee prior to July 1, 2006 (who was in the DROP program), they were not required to make contributions to the System for the years ending June 30, 2006, 2005, and 2004.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana State Board of Examiners of Psychologists provides certain continuing health care and life insurance benefits for its retired employees. Substantially all Louisiana State Board of Examiners' employees become eligible for post employment health care 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 an insurance company whose premiums are paid jointly by the employee and the Board.

For the fiscal year ending June 30, 2006, there was no cost of providing these benefits for the one retired employee whose retirement became effective after June 30, 2006. The Louisiana State Board of Examiners will, however, recognize a future cost of providing these benefits as an expenditure when paid during the year.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2005-2006 amounted to \$19,957. A schedule of payments for operating leases follows:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

| <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> |
|------------------------|------------------|---------------|---------------|---------------|---------------|-------------------------|-------------------------|
| Office space | \$ 19,957 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Total | \$ 19,957 | \$ 0 | \$ 0 |

2. CAPITAL LEASES

There are no capital leases.

3. LESSOR DIRECT FINANCING LEASES

There are no lessor direct financing leases.

4. LESSOR – OPERATING LEASE

There are no lessor operating leases.

K. 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, <u>2005</u> | <u>Year ended June 30, 2006</u> | | Balance June 30, <u>2006</u> | Amounts due within <u>one year</u> |
|--|------------------------------------|---------------------------------|-------------------|------------------------------------|--|
| | | <u>Additions</u> | <u>Reductions</u> | | |
| 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 | 6,317 | | 6,317 | -- | |
| Capital lease obligations | | | | -- | |
| Liabilities payable from restricted assets | | | | -- | |
| Claims and litigation | | | | -- | |
| Other long-term liabilities | | | | -- | |
| Total other liabilities | <u>6,317</u> | <u>--</u> | <u>6,317</u> | <u>--</u> | <u>--</u> |
| Total long-term liabilities | <u>6,317</u> | <u>--</u> | <u>6,317</u> | <u>--</u> | <u>--</u> |

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

L. CONTINGENT LIABILITIES

1. The Louisiana State Board of Examiners of Psychologists is involved in litigation, but the legal advisor has not estimated how potential costs not covered by insurance would materially affect the financial statements.
2. Claims and litigation costs of \$46,212 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS

There are no related party transactions.

N. ACCOUNTING CHANGES

There are no accounting changes.

O. IN-KIND CONTRIBUTIONS

There are no in-kind contributions.

P. DEFEASED ISSUES

There are no defeased issues.

Q. COOPERATIVE ENDEAVORS

There are no cooperative endeavors.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

There are no government-mandated nonexchange transactions.

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

There are no violations of finance-related legal or contractual provisions.

T. SHORT-TERM DEBT

There is no short-term debt.

U. DISAGGREGATION OF RECEIVABLE BALANCES

There is none.

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2006 were as recorded on the following page:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006

| <u>Activity</u> | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Total Payables</u> |
|---------------------|----------------|------------------------------|-----------------------|
| Gross Payroll | \$ | \$ 568 | \$ 568 |
| Payroll Liabilities | | 3,368 | 3,368 |
| Ofc. Supplies | 64 | | 64 |
| Repairs | 10 | | 10 |
| Accounting | 1,065 | | 1,065 |
| Web Maint. | 175 | | 175 |
| Utilities | 447 | | 447 |
| Telephone | 148 | | 148 |
| Miscellaneous | 125 | | 125 |
| Legal | <u>13,094</u> | <u> </u> | <u>13,094</u> |
| Total Payables | \$15,128 | \$3,936 | \$19,064 |

W. SUBSEQUENT EVENTS

There are no subsequent events.

X. SEGMENT INFORMATION

The Louisiana State Board of Examiners of Psychologists has no requirement for separate segment accounting.

Y. DUE TO/DUE FROM AND TRANSFER

There are none.

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

There are no liabilities payable from restricted assets.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There is none.

| <u>Fund balance</u> 1-Jul-05 <u>previously reported</u> | <u>Adjustments</u> <u>+ or (-)</u> | <u>Beginning net</u> <u>assets, July 1, 2005</u> <u>As restated</u> |
|---|---------------------------------------|---|
| \$ <u>78,581</u> | \$ <u> </u> | \$ <u> </u> |
| <u> </u> | <u> </u> | <u>78,581</u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> |

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

| | |
|--|------------|
| BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) | N/A |
| CC. IMPAIRMENT OF CAPITAL ASSETS | N/A |
| DD. EMPLOYEE TERMINATION BENEFITS | N/A |

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2006**

| Fiscal Year Ending: | Principal | Interest |
|------------------------|---------------------------------|---------------------------------|
| 2007 | \$ _____ | \$ _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 | _____ | _____ |
| 2011 | _____ | _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016 | _____ | _____ |
| 2017 | _____ | _____ |
| 2018 | _____ | _____ |
| 2019 | _____ | _____ |
| 2020 | _____ | _____ |
| 2021 | _____ | _____ |
| 2022 | _____ | _____ |
| 2023 | _____ | _____ |
| 2024 | _____ | _____ |
| 2025 | _____ | _____ |
| 2026 | _____ | _____ |
| 2027 | _____ | _____ |
| 2028 | _____ | _____ |
| 2029 | _____ | _____ |
| 2030 | _____ | _____ |
| 2031 | _____ | _____ |
| Total | \$ <u> 0</u> | \$ <u> 0</u> |

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 2006**

| Fiscal Year Ending: | Payment | Interest | Principal | Balance |
|------------------------|--------------------|--------------------|--------------------|--------------------|
| 2007 | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| 2008 | _____ | _____ | _____ | _____ |
| 2009 | _____ | _____ | _____ | _____ |
| 2010 | _____ | _____ | _____ | _____ |
| 2011 | _____ | _____ | _____ | _____ |
| 2012-2016 | _____ | _____ | _____ | _____ |
| 2017-2021 | _____ | _____ | _____ | _____ |
| 2022-2026 | _____ | _____ | _____ | _____ |
| 2027-2031 | _____ | _____ | _____ | _____ |
| Total | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> | \$ <u>0</u> |

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For The Year Ended June 30, 2006

| Fiscal Year Ending: | Principal | Interest |
|------------------------|-----------------------|-----------------------|
| 2007 | \$ _____ | \$ _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 | _____ | _____ |
| 2011 | _____ | _____ |
| 2012-2016 | _____ | _____ |
| 2017-2021 | _____ | _____ |
| 2022-2026 | _____ | _____ |
| 2027-2031 | _____ | _____ |
| Total | \$ _____ <u>0</u> | \$ _____ <u>0</u> |

**STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 SCHEDULE OF BONDS PAYABLE AMORTIZATION
 For The Year Ended June 30, 2006**

| Fiscal Year Ending: | Principal | Interest |
|------------------------|-----------------------|-----------------------|
| 2007 | \$ _____ | \$ _____ |
| 2008 | _____ | _____ |
| 2009 | _____ | _____ |
| 2010 | _____ | _____ |
| 2011 | _____ | _____ |
| 2012 | _____ | _____ |
| 2013 | _____ | _____ |
| 2014 | _____ | _____ |
| 2015 | _____ | _____ |
| 2016 | _____ | _____ |
| 2017 | _____ | _____ |
| 2018 | _____ | _____ |
| 2019 | _____ | _____ |
| 2020 | _____ | _____ |
| 2021 | _____ | _____ |
| 2022 | _____ | _____ |
| 2023 | _____ | _____ |
| 2024 | _____ | _____ |
| 2025 | _____ | _____ |
| 2026 | _____ | _____ |
| 2027 | _____ | _____ |
| 2028 | _____ | _____ |
| 2029 | _____ | _____ |
| 2030 | _____ | _____ |
| 2031 | _____ | _____ |
| Total | \$ <u> 0</u> | \$ <u> 0</u> |

STATE OF LOUISIANA
 LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
 SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
 BUDGETARY COMPARISON OF CURRENT APPROPRIATION
 NON-GAAP BASIS
 June 30, 2006

| | Financial Statement | Adjustments | ISIS Appropriation Report-08/14/06 | Revised Budget | Variance Positive/(Negative) |
|--|---------------------|-------------|------------------------------------|----------------|------------------------------|
| Revenues: | | | | | |
| Intergovernmental Revenues | \$ | | \$ | \$ | - |
| Federal Funds | | | | | - |
| Sales of Commodities and Services | | | | | - |
| Other | | | | | - |
| Total appropriated revenues | | | | | - |
| Expenses: | | | | | |
| Cost of goods sold | \$ | | \$ | \$ | - |
| Personal services | | | | | - |
| Travel | | | | | - |
| Operating Services | | | | | - |
| Supplies | | | | | - |
| Professional services | | | | | - |
| Other charges | | | | | - |
| Capital outlay | | | | | - |
| Interagency transfers | | | | | - |
| Debt Service | | | | | - |
| Other: | | | | | - |
| Bad debts | | | | | - |
| Depreciation | | | | | - |
| Compensated absences | | | | | - |
| Interest Expense | | | | | - |
| Other (Identify) | | | | | - |
| Total appropriated expenses | | | | | - |
| Excess (deficiency) of revenues over expenses (budget basis) | \$ | \$ | \$ | \$ | \$ |

Note : Schedule 5 is only applicable for those entities whose budget is appropriated by the legislature

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS
SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES
BUDGETARY COMPARISON OF CURRENT APPROPRIATION
NON-GAAP BASIS
JUNE 30, 2006

| | | |
|--|----|---|
| Excess (deficiency) of revenues over expenses (budget basis) | \$ | |
| Reconciling items: | | |
| Cash carryover | | |
| Use of money and property (interest income) | | |
| Depreciation | | |
| Compensated absences adjustment | | |
| Capital outlay | | |
| Disposal of fixed assets | | |
| Change in inventory | | |
| Interest expense | | |
| Bad debts expense | | |
| Prepaid expenses | | |
| Principal payment | | |
| Loan Principal Repayments included in Revenue | | |
| Loan Disbursements included in Expenses | | |
| Accounts receivable adjustment | | |
| Accounts payable/estimated liabilities adjustment | | |
| Other | | |
| Change in Net Assets | \$ | 0 |

Note : Schedule 5 is only applicable for entities whose budget is appropriated by the legislature

LOUISIANA STATE BOARD OF EXAMINERS OF PSYCHOLOGISTS

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>2006</u> | <u>2005</u> | <u>Difference</u> | <u>Percentage Change</u> |
|-------------------------|-------------|-------------|-------------------|--------------------------|
| 1) Revenues | \$ 162,897 | \$ 153,531 | \$ 6,366 | 4.07% |
| Expenses | 182,937 | 148,550 | 34,387 | 23.15% |
| 2) Capital assets | 6,274 | 7,461 | (1,187) | (15.91)% |
| Long-term debt | 0 | 6,317 | (6,317) | (100.00)% |
| Net Assets | 58,541 | 78,581 | (20,040) | (25.50)% |
| Explanation for change: | _____ | | | |
| | _____ | | | |
| | _____ | | | |
| | _____ | | | |

INSTRUCTIONS FOR THE SIMPLIFIED STATEMENT OF ACTIVITIES

Expenses - include all expenses, both operating and non-operating.

Program Revenues - include revenues derived from the program itself. These revenues reduce the net cost of the BTA's activities that must be financed from its general revenues. Program revenues should be reported in the following three categories:

Charges for services - include revenues based on exchange or exchange-like transactions. (An exchange transaction is one in which each party receives and gives up essentially equal values.) These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services.

Operating grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program and that may be used **either for operating or capital expenses** at the discretion of the BTA. (A non-exchange transaction is one in which an entity gives or receives value without directly receiving or giving equal value in return.)

Capital grants and contributions - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program and that are **restricted for capital purposes only** - to purchase, construct, or renovate capital assets associated with a specific program.

Net (Expense) Revenue - Program revenues minus expenses.

General Revenues - all revenues are general revenues unless they are specifically required to be reported as program revenues.

Taxes - include all taxes received here, as all are considered general revenues, even those levied for a specific purpose.

State appropriations - include warrants drawn during the fiscal year and the 13th period, plus 14th period if applicable.

Grants and contributions not restricted to specific programs - revenue arising from mandatory and voluntary nonexchange transactions with other governments, organizations or individuals that are not restricted to a specific program.

Interest - any interest earned that is not required to be reported as program revenue (earnings on investments legally restricted to use by a specific program should be reported as program revenue).

Miscellaneous - any general revenues that do not specifically fall under one of the categories listed.

Special items - are significant items subject to management's control, that meet one of the following criteria:

1) unusual in nature – possessing a high degree of abnormality and clearly unrelated or only incidentally related to the ordinary and typical activities of the entity.

2) infrequent in occurrence- not reasonably expected to recur in the foreseeable future, taking into account the environment in which the entity operates.

Extraordinary Items - are both significant in nature and infrequent in occurrence.

Transfers - All Interfund activities involving the flow of resources between funds.

Change in net assets - net (expense) revenue plus general revenues and special items.

Net assets – beginning - net assets at the beginning of the fiscal year.

Net assets – ending – beginning net assets plus change in net assets.

INFORMATION FOR NOTE C "DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS"
(GASB Statement 3 Amended by GASB Statement 40)

I. Purpose:

Note C provides the required disclosures about the governmental entities' deposits with financial institutions and investments. The disclosures required for deposits and investments as of the fiscal year ended date provides information about the credit risk and market risk of the deposits and investments and are designed to provide users of the financial statements information about the potential for losses associated with the deposits and investments. GASB Statement 40 has modified or eliminated portions of GASB Statement 3 including:

- modified the custodial credit risk disclosures of Statement 3 for deposits and investments to limit the required disclosure to only those exposed to custodial credit risk (similar to GASB 3's category 3).
- established or modified disclosure requirements related to concentrations of credit risk of investments, credit risk of debt investments, and interest rate risks of debt investments (including sensitivity to changes in interest rates), and
- established disclosure requirements for foreign currency risks for both deposits and investments.

Although GASB Statement 40 eliminated some of the disclosures required for custodial credit risk (the 3 categories for example), the total reported amounts of all deposits and investments must still be reported.

II. Comparison of amounts disclosed per requirements in Note C to amounts shown on the Balance Sheet (if Balance Sheet is required as part of AFR packet):

- Generally, the amounts of cash and investments on the balance sheet will not be classified exactly the way they would be classified in Note C.
- "Deposits with Financial Institutions" and "Investments" in Note C may be reported on the balance sheet using titles or line items that are different than those in Note C, or they may be combinations of titles or line items. For instance, "Deposits" in Note C may come from several line items on the balance sheet such as "Cash in Bank" and "CD's", or even "Investments" (See section III below that gives further guidance on what should be considered "Deposits" in note C).
- Line items on the balance sheet may include amounts that would be deposits in Note C, and may also include amounts that would be investments in Note C. Also, cash and cash equivalents line items on the balance sheet may include amounts that are not deposited in bank accounts of the entity and therefore would not be reported in Note C as deposits but as separate line items such as petty cash, cash on hand, and treasury cash. These amounts must be reported separately from the deposits in Note C.
- Each line item on the balance sheet that involves cash or investments, including any restricted cash and/or investments, needs to be analyzed to determine what is included in the item and how it should be disclosed in Note C.

III. "Deposits with Financial Institutions" section of Note C:

- Generally, this section of the Note C disclosure refers to the various examples of "Deposits with Financial Institutions" (See "A" below for examples). The term "cash and cash equivalents" is used in reference to GASB Statement 9 that affects presentation for the balance sheet and statement of cash flows, not the note disclosures required by GASB Statement 3 & 40. "Deposits with Financial Institutions" include deposit accounts in banks, savings and loan associations, and credit unions. They can be demand, savings, or time accounts, including negotiable order of withdrawal (NOW) accounts and non-negotiable CD's. As stated previously, deposits for Note C may be a combination of balance sheet line items or titles.
- Do not include treasury cash, petty cash not in a bank account, or cash on hand in Note C as part of the deposits in bank accounts. As mentioned previously, these amounts would be reported separately.

A. Examples and/or definitions:

LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS

Nonnegotiable Certificates of Deposit – Nonnegotiable CDs are time deposits that are placed by depositors directly with financial institutions and generally are subject to a penalty if redeemed before maturity. These are treated as deposits for GASB 3 Note C disclosures. (Negotiable CDs are securities that are normally sold in \$1 million units that are traded in a secondary market. These are treated as investments for Note C disclosures.)

Money Market Accounts – financial institution “money market” accounts are simply deposits that pay interest at a rate set to make the accounts competitive with money market mutual funds. They should be treated like any other deposit account for Note C disclosures.

Bank Investment Contracts (BICs) – A BIC is a general obligation instrument issued by a bank, typically to a pension plan, that provides for a guaranteed return on principal over a specified period. Since these are issued by a bank, they are treated as deposits for Note C disclosures.

B. Other definitions as applied to deposits:

Insured (Insurance) – deposits are insured by federal deposit insurance (FDIC), state deposit insurance, multiple financial institution collateral pools that insure public deposits, and even commercial insurance (if scope of coverage would be substantially the same as FDIC).

Collateral – Security pledged by a financial institution to a government entity for its deposits.

IV. “Investments” section of Note C:

- Types of investments for listing investments by type definitions/examples:
 1. Repurchase Agreements – An agreement in which a governmental entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 2. U.S. Government Obligations – examples include treasury bills, treasury notes and treasury strips; obligations of certain U.S. Government Agencies such as FNMA, FHLB, or SLMA.
 3. Common & Preferred Stock – a security that represents an ownership interest in an entity.
 4. Commercial Paper (mortgages, notes, etc.) – An unsecured promissory note issued primarily by corporations for a specific amount and maturing on a specific day. Almost all commercial paper is rated as to credit risk by rating services.
 5. Corporate Bonds
 6. Other (identify) – It is not appropriate to present material amounts of investments as “Other”, unless the note disclosure describes the composition of the “Other” category. The following are examples of other investments:
 - a. Closed-end Mutual Fund – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. A closed-end mutual fund has a constant number of shares, the value depends on the market supply and demand for the shares rather than directly on the value of the portfolio, the fund does issue certificates, and the securities are traded on a stock exchange.
 - b. Open-end Mutual Funds – The investment company sells shares of its stock to investors and it invests on the shareholders’ behalf in a diversified portfolio of securities. In contrast to a closed-end mutual fund, the open-end mutual fund creates new shares to meet investor demand, the value depends directly on the value of the portfolio, and the fund does not issue certificates but sends out periodic statements showing account activity. These investments are not evidenced by securities that exist in physical or book entry form.
 - c. Reverse Repurchase Agreements - An agreement in which a broker-dealer or financial institution (buyer-lender) transfers cash to a governmental entity (seller-borrower); the entity transfers securities to the broker-dealer or financial institution and promises to repay the cash plus interest in exchange for a) the same securities, or for b) different securities.
 - d. Investments in pools managed by another government - Generally, these investments would not be exposed to custodial credit risk because the investments themselves are not evidenced by securities that exist in physical or book entry form.
 - e. Private placements, such as venture capital and limited partnerships
 - f. Investments in real estate, annuity contracts, and direct investments in mortgages

LOUISIANA STATE BOARD OF
EXAMINERS OF PSYCHOLOGISTS

V. Risk Disclosures for Deposits and Investments:

- Deposits and investments are subject to several types of risks, mainly credit risk, market risk, interest rate risk, and foreign currency risk.

Credit risk - defined as the risk that a counterparty to an investment transaction will not fulfill its obligations and can be associated with the issuer of securities, with a financial institution holding deposits, or with a party holding investment or collateral securities.

Concentration of credit risk - defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Market risk - defined as the risk that the market value of investment securities, collateral securities protecting a deposit, or securities of a repurchase agreement will decline.

Interest rate risk - defined as the risk that changes in interest rates will adversely affect the fair value of an investment.

Foreign currency risk - defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

A. Custodial Credit Risk Disclosures for Deposits:

Following GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who holds the collateral and how the collateral is held.

Collateral - Securities pledged by the financial institution for the purpose of securing the governmental entity's deposits.

Collateralized - When the entity's deposits are secured with securities pledged by the financial institution holding the deposits.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all deposits by the 3 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 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.

B. Custodial Credit Risk Disclosures for Investments:

Following GASB Statement 3, investments (listed by type) were either classified into three categories (depending on whether they are insured or registered and who holds the securities and how they are held), or listed as non-classified investments.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the 3 categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. However, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name.

C. Additional Risk Disclosures for Required by GASB Statement 40:

Credit Risk - Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Interest Rate Risk - Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years of those investments. In

LOUISIANA STATE BOARD OF
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addition, list the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.).

Concentration of Credit Risk - List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments.

Foreign Currency Risk - Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List these by currency denomination and investment type, if applicable.

Deposits and Investments Policies Relating to Risk - Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, that fact should be stated.

VI. Securities as Applied to Credit Risk of Deposits and Investments:

Securities defined - a transferable financial instrument that evidences ownership or creditorship. Securities can be in either paper or book-entry form.

1. Examples of securities that are often held by or pledged to (as collateral) governmental entities include:

- a. treasury bills, treasury notes, treasury bonds
- b. federal agency obligations
- c. corporate debt instruments (including commercial paper)
- d. corporate equity instruments
- e. negotiable CD's (keyword here is negotiable)
- f. bankers' acceptances
- g. shares of closed-end mutual funds (keyword here is closed-end)
- h. shares of unit investment trusts

2. Instruments or investments that are not securities include:

- a. investments made directly with another party (such as limited partnerships)
- b. real estate
- c. direct investments in mortgages and other loans
- d. investments in open-ended mutual funds (keyword here is open-ended)
- e. pools managed by other governments
- f. annuity contracts

INFORMATION FOR NOTE BB. - NET ASSETS RESTRICTED BY ENABLING LEGISLATION**Summary of GASB Statement No. 46 *Net Assets Restricted by Enabling Legislation*****Introduction**

The purpose of this GASB Statement 46 is to clear up a confusing area of GASB Statement 34 by giving a more clear definition of enabling legislation and legally enforceability and giving better guidance on how it should be reflected in net assets. The goal is to reduce the difficulty of interpreting the requirement in GASB 34 that the restrictions of net assets be "legally enforceable". This statement specifies the reporting requirements if new enabling legislation replaces existing enabling legislation, or if the legal enforceability evaluation changes. Further, the statement requires that governments disclose the portion of total net assets that is restricted by enabling legislation in the notes to the financial statements.

Enabling Legislation

Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources from external providers. In addition, it includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Legal Enforceability

Per Statement 46, legal enforceability means that a party external to the government (citizens, public interest groups, judiciary) can compel the government to use the resources created by enabling legislation only for the purposes specified by the legislation. What is considered legally enforceable is a matter of professional judgment. Since enforceability cannot ultimately be proven unless tested through the judicial process, which may never occur, the determination should be based on the facts and circumstances surrounding each individual restriction. A "blanket" or general determination regarding the legal enforceability of enabling legislation should not be used.

New Enabling Legislation Replacing Original Enabling Legislation

If new enabling legislation replaces original enabling legislation by establishing new legally enforceable restrictions on the resources raised by the original legislation, then the resources accumulated from that period forward should be reported as restricted for that purpose. However, existing resources accumulated under the original enabling legislation could be restricted for the original purpose, restricted for the purpose specified in the new legislation, or unrestricted. This determination would be a matter of professional judgment.

Reevaluation of Legal Enforceability

If resources are used for a purpose other than the purpose stipulated in the enabling legislation or some other factor causes a reconsideration, then the legal enforceability of those restricted resources should be reevaluated to determine if they should continue to be reported as restricted. If the reevaluation results in a determination that the restriction is no longer enforceable, then report the resources as unrestricted from the beginning of that period forward. If it is determined that the restrictions are still legally enforceable, then continue to report those resources as restricted net assets.

Note Disclosure Required

Governments should disclose the portion of total net assets that is restricted by enabling legislation at the end of the reporting period in the notes to the financial statements.

Effective Date and Transition

The requirements are effective for fiscal year ended June 30, 2006. The accounting changes adopted in applying this statement should be applied retroactively by reclassifying net asset information in the financial statements for all prior periods presented. In the first period the statement is applied, disclosure should be made of the nature of any reclassification and its effect. Also, an explanation of the reason for not reclassifying net assets for prior periods should be explained.

INFORMATION FOR NOTE CC: IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. GASB 42, paragraph 9 outlines five (5) common "indicators of impairment." They are:

- 1) Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- 2) Enactment or approval of laws or regulations or other changes in environmental factors, such as new earthquake standards that a facility does not meet, and cannot be modified to meet.
- 3) Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment.
- 4) A change in the manner or expected duration of use of a capital asset, such as closure of a building prior to the end of its useful life.
- 5) Construction stoppage, such as stoppage of construction as a result of a lack of funding.

Damaged assets can be separated into the following categories:

1. assets that will not be returned to service
2. assets temporarily out of service due to needed repairs, restoration, or recertification
3. assets remaining in service but needing repair
4. assets damaged that will continue to be used that will not be repaired

If the assets are going to be restored (category 2 and 3), then they need to be evaluated for impairment per GASB 42. If the assets will no longer be used (category 1) or will not be repaired (category 4), then an impairment loss per GASB 42 does not need to be calculated for those assets.

For assets impaired by physical damage, the restoration cost approach should be used to calculate the impairment loss. Under this approach, the amount of the impairment loss is derived from the estimated costs to restore the utility of the capital asset. According to the standard, an asset is not considered impaired unless its decline in service utility is significant; therefore, OSRAP has established impairment thresholds for assets impaired by physical damage. In order for an asset to be considered impaired by physical damage, the restoration cost (estimated restoration cost if the asset is not fully restored) of the impaired asset must be equal to or greater than the following:

| | |
|------------------|---|
| Infrastructure | \$3 million per agency, per year |
| Building | Greater of \$100,000 or 20% of the capitalized cost of the building |
| Movable Property | Greater of \$20,000 or 20% of the capitalized cost of the asset |

Infrastructure - The capitalization threshold of \$3 million should be used for infrastructure impaired by physical damage as the test of whether the magnitude in the decline in service utility is significant. Infrastructure will only be considered impaired if the total estimated restoration costs are equal to or greater than the capitalization threshold for infrastructure, or \$3 million per agency, per year. An impairment loss would be calculated on all infrastructure impaired during that year, regardless of the actual dollar value of the restoration cost of each individual infrastructure asset.

Buildings - The greater of the capitalization threshold, \$100,000, or 20 percent of the capitalized costs of the building impaired by physical damage should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the building is lower than the capitalization threshold or 20 percent of the capitalized cost of the impaired building (whichever is higher), we will not consider the "magnitude in the decline in service utility is significant" component of the impairment test to be met. If, however, the building's restoration costs are equal to or greater than the capitalization threshold or equal to or greater than 20 percent of the capitalized costs of the impaired building (whichever is higher), and the building's decline in service utility is "unexpected", we will conclude that the asset has met the impairment test criteria, and is impaired. Note: According to the provisions of GASB 42, an asset is impaired when there is a "significant" and "unexpected" decline in the service utility of a capital asset.

Movable property - For movable property, the impairment threshold is set at \$20,000. In addition, the greater of the impairment threshold for movable property, \$20,000, or 20 percent of the capitalized cost of the movable property should be used as the test of whether the magnitude in the decline in service utility is significant. If the cost to restore the movable property is equal to or greater than the impairment threshold, \$20,000, or 20 percent of the

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capitalized cost of the impaired movable property (whichever is greater), and the movable property's decline in service utility is unexpected, we will conclude that the asset has met the impairment test criteria, and is impaired according to the provisions of GASB 42.

For assets impaired by enactment or approval of laws or regulations or other changes in environmental factors, technological development or evidence of obsolescence, or a change in the manner or expected duration of use, use the examples provided in GASB 42 for guidance in calculating the impairment loss. The thresholds developed by OSRAP for estimated restoration cost discussed above do not apply to these assets. Report capital assets impaired by construction stoppage at the lower of carrying value or fair value.

An insurance recovery associated with events or changes in circumstances resulting in impairment of a capital asset should be netted with the impairment loss when the recovery and the loss occur in the same year. Restoration or replacement of the capital asset using the insurance recovery should be reported as a separate transaction. Insurance recoveries should be disclosed if not apparent from the face of the financial statements.

GASB 42 requires that the carrying amount of impaired capital assets that are idle at year end be disclosed in the notes, regardless of whether the impairment is permanent or temporary. However, an impairment loss does not have to be calculated for a temporarily impaired asset. If management has to take action to reverse an impairment, such as restoration of a capital asset with physical damage, then the impairment should be considered permanent. In certain circumstances, temporary impairments could be associated with enactment or approval of laws or regulations or other changes in environmental factors, changes in technology or obsolescence, changes in manner or duration of use, or construction stoppage.