

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
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

9/13/06

Louisiana State Board of Practical Nurse Examiners
3421 North Causeway Blvd., Suite 505
Metairie, Louisiana 70002
(504) 838-5791

GOVERNING BOARD

As of June 30, 2006

<u>Board Member</u>	<u>Expiration of Term</u>
Ruby Chancellor, L.P.N.	July 1, 2009
R. Connelley, R.N.	July 1, 2009
Gwendolyn Dunn	July 1, 2008
Sharron K. Fore	July 1, 2008
Bobby G. Fulmer, M.D.	July 1, 2005
Patricia Juneau, R.N.	July 1, 2005
Ann Laws, R.N.	July 1, 2008
Rebecca Nelson, L.P.N.	July 1, 2009
Rose Passantino, L.P.N.	July 1, 2009
William Sonnier, Jr., M.D.	July 1, 2009
Eugene St. Martin, M.D.	July 1, 2009
I. C. Turnley, M.D.	July 1 2009
Carl McLamore	July 1, 2009

Claire Glaviano, Executive Director

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on the Financial Statements	1
Required Supplementary Information	
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets.....	9
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	10
Statement of Cash Flows	11
Notes to the Financial Statements.....	12
Other Report Required by <i>Government Auditing Standards</i>:	
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Resolution of Prior Year Findings.....	24
Supplemental Information Required by Division of Administration:	
Annual Financial Report.....	26

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CERTIFIED PUBLIC ACCOUNTANT, APAC

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Board Members of
Louisiana State Board of Practical Nurse Examiners
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

We have audited the accompanying basic financial statements of the **Louisiana State Board of Practical Nurse Examiners**, 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 Practical Nurse Examiners** 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 Practical Nurse Examiners**, 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 Management's Discussion and Analysis, as listed in the Table of Contents, is required supplementary information and therefore, 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 inquiries of management regarding the methods of measurement and presentation of the required supplementary 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 11, 2006, on our consideration of the **Louisiana State Board of Practical Nurse Examiners'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 Practical Nurse Examiners'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 Practical Nurse Examiners**. 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. Chuatz

Certified Public Accountant, APAC
August 11, 2006

Beverly A. Ryall

Certified Public Accountant

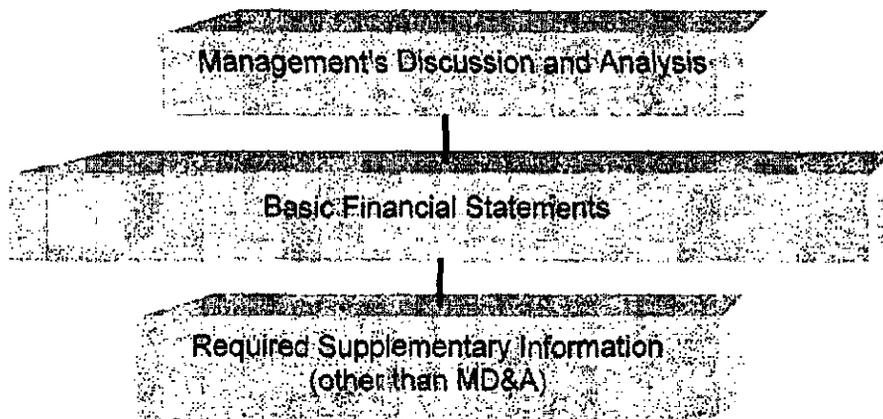
The Management's Discussion and Analysis of the Louisiana State Board of Practical Nurse Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Practical Nurse Examiners' financial activities for the year ended June 30, 2006. This document focuses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

FINANCIAL HIGHLIGHTS

- ★ The Board's assets exceeded its liabilities at the close of fiscal year 2006 by \$1,072,294 which represents an 8.04% decrease from last fiscal year.
- ★ The Board's revenues increased \$60,972, or 5.95% and the net results from activities decreased by \$58,818 or 1.69%.

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

The Balance Sheet (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 Board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement B) presents information showing how the Board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying

transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

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

FINANCIAL ANALYSIS OF THE ENTITY

	Total	
	2006	2005
Current and other assets	\$ 1135716	\$ 1226021
Capital assets	24423	31571
Total assets	<u>1160139</u>	<u>1257592</u>
Other liabilities	37544	27599
Long-term debt outstanding	50301	63926
Total liabilities	<u>87845</u>	<u>91525</u>
Net assets		
Invested in capital assets, net of debt	24423	31571
Restricted		
Unrestricted	1047871	1134496
Total net assets	<u>\$ 1072294</u>	<u>\$ 1168067</u>

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 Board decreased by \$93,773, or 8.04%, from June 30, 2005 to June 30, 2006. One of the major causes of this decrease was due to the effects of Hurricanes Katrina and Rita. Other causes include increased costs incurred to process and prosecute disciplinary cases.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2006 and 2005

	Total	
	2006	2005
Operating revenues	\$ 1058646	\$ 1027471
Operating expenses	<u>1179246</u>	<u>1073557</u>
Operating income(loss)	<u>-120600</u>	<u>-46086</u>
Non-operating revenues(expenses)	<u>26826</u>	<u>11130</u>
Income(loss) before transfers	<u>-93774</u>	<u>-34956</u>
Transfers in		
Transfers out		
Net increase(decrease) in net assets	<u>\$ -93774</u>	<u>\$ -34956</u>

The Board's total revenues increased by \$ 31,175 or 3.03%. The total cost of all programs and services increased by \$105,689 or 9.84%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Board had \$24,423 invested in a broad range of capital assets, including furniture, fixtures and computer equipment. (See Table below)
This amount represents a net decrease (including additions and deductions) of \$7,148, or 22.64%, over last year.

Capital Assets at Year-end
(Net of Depreciation)

	2006	2005
Land	\$	\$
Buildings and improvements		
Equipment	24,423	31,571
Infrastructure		
Totals	<u>\$ 24,423</u>	<u>\$ 31,571</u>

This year's major additions included:

- \$3,720 in office furniture

Debt

The Board had no bonds or notes outstanding at year-end.

Outstanding Debt at Year-end (in thousands)

	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$ 0	\$ 0
Revenue Bonds and Notes	<u>0</u>	<u>0</u>
Totals \$	<u><u>-</u></u>	<u><u>-</u></u>

At year-end, the Board had three claims and no judgments of \$0.00 for which counsel of the Board has determined that the possibility of damages being assessed is remote

Other obligations include accrued vacation pay and sick leave pf \$50,301.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$33,510 over budget and expenditures were less than budget due in part to a higher than expected student enrollment, a higher than expected number of applications for licensure by examination, the resignation of one staff member which left a position vacant for several months, and the Board's decision to increase the number of meetings per year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board'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:

- The continued increase in the number of disciplinary cases coming before the Board. This will increase expenses in terms of professional services (legal fees, court reporter), witness fees, and per diem and travel expenses to the board member(s) serving as hearing officer.
- The continued increase in the demand for Licensed Practical Nurses and therefore the need to increase educational opportunities for interested applicants by opening new programs where there is evidence that a school can provide the clinical resources needed to support a program and where there is evidence that there is sufficient financial resources needed to ensure that qualified faculty will be employed. This demand has been exacerbated by Hurricanes Katrina and Rita.
- The need to upgrade the computer system to increase online services and to reduce paper files.

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

- Salary and benefits increase each year while the fees collected by the Board will flatline or decline each year. (In 2000, legislation was passed which increased fees collected by the Board. Historically, in the first three years following a fee increase, the Board's revenue exceeds expenses and a positive fund balance is amassed. Typically, in the fourth year

following a fee increase, the Board begins to draw against the fund balance and for the next five years prays that legislation will be passed to increase fees again.)

- Legal fees will increase partially because of the increase in the number of cases coming before the Board and partially because more LPNs are hiring attorneys to represent them before the Board. Although the Board believes that LPNs should be adequately represented and advised by their own legal counsel, it is more costly to prosecute these cases
- Decline in LPN population due to relocation after Hurricanes Katrina and Rita will result in decrease revenues.

CONTACTING THE BOARD OF PRACTICAL NURSE EXAMINERS' MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Claire Doody Glaviano, Executive Director, at (504) 838-5791.

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 PRACTICAL NURSE EXAMINERS
DEPARTMENT OF HEALTH AND HOSPITALS
PROPRIETARY FUND - ENTERPRISE FUND
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS

Current Assets

Cash and cash equivalents	\$ 87,994.28
Certificates of Deposit	1,032,027.92
Receivable - interest	15,694.01
Total Current Assets	1,135,716.21

Noncurrent Assets

Equipment	97,062.77
Accumulated depreciation	(72,640.00)
Total noncurrent assets	24,422.77

TOTAL ASSETS	1,160,138.98
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LIABILITIES

Current Liabilities

Accounts payable	14,663.87
Payroll deductions and accruals	22,879.87
Total Current Liabilities	37,543.74

Noncurrent Liabilities

Compensated absences	50,301.33
Total Noncurrent Liabilities	50,301.33

TOTAL LIABILITIES	87,845.07
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NET ASSETS

Investment in capital assets	24,422.77
Unrestricted	1,047,871.14
TOTAL NET ASSETS	\$ 1,072,293.91

The accompanying notes are an integral part of this statement.

LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
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	\$ 954,865.00
Enforcement actions	81,610.00
Sales of commodities and services	20,688.58
Other	1,482.34
Total Operating Revenues	<u>1,058,645.92</u>

OPERATING EXPENSES:

Personal services -	
Commissioners per diem	11,400.00
Salaries	566,281.77
Employee benefits	165,041.09
Travel	32,739.60
Operating services	178,348.46
Supplies	11,028.06
Professional services	204,566.81
Depreciation expense	9,840.00
Total Operating Expenses	<u>1,179,245.79</u>

Operating Income (Loss)	<u>(120,599.87)</u>
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NONOPERATING REVENUES and EXPENSES:

Use of money and property	27,854.14
Gain or (Loss) on capital transactions	(1,028.00)
Total Nonoperating Revenues and Expenses	<u>26,826.14</u>

<i>Increase (Decrease) in net assets</i>	(93,773.73)
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NET ASSETS AT JUNE 30, 2005	<u>1,166,067.64</u>
NET ASSETS AT JUNE 30, 2006	<u>\$ 1,072,293.91</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
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	\$ 1,058,645.92
Cash payments to suppliers for goods and services	429,597.15
Cash payments to employees for services	<u>743,488.44</u>
Net cash provided (used) by operating activities	<u>(114,439.67)</u>

Cash flows from capital and related financing

Acquisition of capital assets	<u>(3,720.00)</u>
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Cash flows from investing activities

Interest earned on certificates of deposit	19,480.45
Purchase of certificates of deposit	(1,032,027.92)
Maturities of certificates of deposit	<u>1,020,789.91</u>
Net cash provided (used) by investing activities	<u>8,242.44</u>

Net increase (decrease) in cash and cash equivalents (109,917.23)

Cash and cash equivalents at beginning of year 197,911.51

Cash and cash equivalents at the end of the year \$ 87,994.28

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

Operating income (loss)	\$ (120,599.87)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	9,840.00
Changes in assets and liabilities:	
Increase (decrease) in accounts payable	(2,914.22)
Increase (decrease) in accrued payroll and related benefits	12,859.04
Increase (decrease) in compensated absences payable	<u>(13,624.62)</u>
Net cash provided (used) by operating activities	<u>\$ (114,439.67)</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
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 Practical Nurse Examiners (the Board) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:962. The Board is under the control of the Department of Health and Hospitals and a component unit of the State of Louisiana and is an integral part of such reporting entity. The Board is composed of thirteen (13) members appointed by the Governor of Louisiana, for a term of six years. The Board elects from its members a president, vice president, and such other officers as it considers necessary to carry out the duties and functions of the Board.

As authorized by Louisiana Revised Statute 37:914 E., each member of the Board shall receive \$75.00 a day and reimbursement for actual expenses and mileage at the same rate set by the Division of Administration for state employees under the provisions of R.S. 39:231 for each day in actual attendance at board meetings or for representing the board in an official board-approved activity.

The Board is charged with the responsibility of licensing and regulating practical nurses in the State of Louisiana. At June 30, 2006 approximately 20,805 practical nurses were licensed.

The Board's office is located in Metairie, Louisiana, and employs 11 classified and 2 unclassified employees. The Board's operations are funded entirely through annual self-generated revenues.

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 Practical Nurse Examiners 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 Practical Nurse Examiners, 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.

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

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.

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 90 days 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 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 are accounted for as capital assets. Capital assets purchased or acquired with an original cost or donated value of \$1,000 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:

–	Equipment	5-7 years
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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.

Equity Classifications

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

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

- 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.

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.

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

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 Practical Nurse Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Practical Nurse Examiners 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	\$ 87,969	\$ 1,032,028	\$ 1,119,997
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' trust department or agent but not in the entity's name	396	1,032,028	1,032,424
Total Bank Balances - All Deposits	<u>\$ 100,396</u>	<u>\$ 1,032,028</u>	<u>\$ 1,132,424</u>

Reconciliation to Statement of Net Assets:

Petty cash	\$ 25
Unrestricted cash	<u>87,969</u>
Total Cash	<u>\$ 87,994</u>

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

3.B. ACCOUNTS RECEIVABLE

Receivables detail at June 30, 2006, is as follows:

Accrued interest	\$	15,694
Total receivable	<u>\$</u>	<u>15,694</u>

3.C. CAPITAL ASSETS

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

	<u>Balance at June 30, 2005</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2006</u>
Capital Assets, being depreciated:				
Equipment	\$ 123,823	\$ 3,720	\$ (30,480)	\$ 97,063
Less accumulated depreciation	(92,252)	(9,840)	29,452	(72,640)
Total Capital Assets, being depreciated	<u>31,571</u>	<u>(6,120)</u>	<u>(1,028)</u>	<u>24,423</u>
 Total Capital Assets, net	 <u>\$ 31,571</u>	 <u>\$ (6,120)</u>	 <u>\$ (1,028)</u>	 <u>\$ 24,423</u>

3.D. ACCOUNTS PAYABLE

Payables are composed of payables to vendors (39%) and accrued salaries and benefits (61%).

3.E. LONG-TERM DEBT

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

Accrued Compensated Absences:

Current portion (not determinable)		
Noncurrent portion		\$ 50,301
Total Long -Term Debt		<u>\$ 50,301</u>

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

Changes in Long-Term Debt

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

<u>Type of Debt</u>	<u>Balance June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2006</u>
Accrued Compensated Absences	\$ 63,926	\$ 8,071	\$ 21,696	\$ 50,301
Total Long -Term Debt	<u>\$ 63,926</u>	<u>\$ 8,071</u>	<u>\$ 21,696</u>	<u>\$ 50,301</u>

3.F. OPERATING LEASE

The Board entered into a 5 year lease for office space. The terms of the lease require payments of \$7,046.75 for sixty months ending in October 31,2008.

Future minimum lease payments under operating lease are as follows:

Year Ending June 30	
2007	84,561
2008	84,561
2009	28,187
Total minimum lease payments	<u>\$ 197,309</u>

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

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

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 \$76,233, \$63,215, and \$71,207 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, the cost of providing those benefits for four retirees totaled \$34,745.

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.

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.

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.

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

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 one case pending, the outcome of which cannot be determined at this time.

4.E. 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. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the Board, and such reimbursement shall not exceed \$75.00 per day.

<u>Commissioner</u>	<u>Meetings</u>	<u>Amount</u>
Chancellor, Ruby	7	\$ 600
Dunn, Gwendolyn	7	525
Fore, Sharron	7	600
Fulmer, Bobby	7	525
Hebert, Kellie	2	150
Juneau, Patricia	91	6,825
Connley, R.	5	0
Nelson, Rebecca	6	450
McLemore, Carl	6	450
Passantino, Rose	7	525
Sonnier, William	2	150
St. Martin, Eugene	4	300
Tumley, I. C.	4	300
Total	<u>155</u>	<u>\$ 11,400</u>

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.

LEROY J. CHUSTZ AND BEVERLY A. RYALL

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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 Board of Practical Nurse Examiners
Department of Health and Hospitals
State of Louisiana
New Orleans, Louisiana**

We have audited the basic financial statements of the **Louisiana State Board of Practical Nurse Examiners**, 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 11, 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 Practical Nurse Examiners'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 Practical Nurse Examiners'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 one matter 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 Practical Nurse Examiners** 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. Chutz

Certified Public Accountant, APAC
August 11, 2006

Beverly A. Ryall

Certified Public Accountant

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
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 Board of Practical Nurse Examiners.
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 federal awards received by Louisiana Board of Practical Nurse Examiners.

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

2006-1 Inadequate Controls Over System Inquiries (Material Weakness)

Condition - Entities that use the services of practical nurses can contact the Board's Office by telephone to confirm the licensing status of candidates for employment. The employee of the Practical Nursing Board who takes the inquiry call is/was responsible for initiating a billing document for the charge for the response to the inquiry. It was discovered during fiscal year 2005-2006 that the employee primarily responsible for those inquiries was not preparing billing documents for all inquiries.

Effect - Based upon an analysis prepared by the management of the agency, perhaps as much as \$50,000 was not billed over the past several years.

Cause - Procedures in place did not and do not ensure that all such services are properly billed for.

Auditor's

Recommendation - Management should develop controls which ensure that all services provided for a fee are billed and collected.

Management

Response - Management has directed its IT personnel to develop a tally system that would provide independent documentation of each time there is an inquiry made into the Board's records of licensees.

**LOUISIANA STATE BOARD OF PRACTICAL NURSE EXAMINERS
RESOLUTION OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2006**

No findings for the year ended June 30, 2005.

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.

**BOARD OF PRACTICAL NURSE EXAMINERS
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2006**

C O N T E N T S

AFFIDAVIT

	<u>Statements</u>
MD&A	
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities	C
Statement of Cash Flows	D
Notes to the Financial Statements	
A. Summary of Significant Accounting Policies	
B. Budgetary Accounting	
C. Deposits with Financial Institutions and Investments (Information in Appendix B)	
D. Capital Assets – Including Capital Lease Assets	
E. Inventories	
F. Restricted Assets	
G. Leave	
H. Retirement System	
I. Post Retirement Health Care and Life Insurance Benefits	
J. Leases	
K. Long-Term Liabilities	
L. Contingent Liabilities	
M. Related Party Transactions	
N. Accounting Changes	
O. In-Kind Contributions	
P. Defeased Issues	
Q. Cooperative Endeavors	
R. Government-Mandated Nonexchange Transactions (Grants)	
S. Violations of Finance-Related Legal or Contractual Provisions	
T. Short-Term Debt	
U. Disaggregation of Receivable Balances	
V. Disaggregation of Payable Balances	
W. Subsequent Events	
X. Segment Information	
Y. Due to/Due from and Transfers	
Z. Liabilities Payable from Restricted Assets	
AA. Prior-Year Restatement of Net Assets	
BB. Net Assets Restricted by Enabling Legislation (Information in Appendix C)	
CC. Impairment of Capital Assets (Additional Info in Appendix D)	
DD. Employee Termination Benefits	
Schedules	
1 Schedule of Per Diem Paid to Board Members	
2 Schedule of Comparison Figures and Instructions	

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

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	87,994
Investments		1,032,028
Receivables (net of allowance for doubtful accounts)(Note U)		15,694
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		1,135,716

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		24,423
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		24,423
Total assets	\$	1,160,139

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	37,544
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		37,544

NON-CURRENT LIABILITIES:

Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		50,301
Capital lease obligations (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		50,301
Total liabilities		87,845

NET ASSETS

Invested in capital assets, net of related debt		24,423
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		1,047,871
Total net assets		1,072,294
Total liabilities and net assets	\$	1,160,139

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

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

OPERATING REVENUES	
Sales of commodities and services	\$ 20,689
Assessments	81,610
Use of money and property	
Licenses, permits, and fees	954,865
Other	1,482
Total operating revenues	1,058,646
OPERATING EXPENSES	
Cost of sales and services	
Administrative	1,169,405
Depreciation	9,840
Amortization	
Total operating expenses	1,179,245
Operating income(loss)	(120,599)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	27,854
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	(1,028)
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	26,826
Income(loss) before contributions and transfers	(93,773)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(93,773)
Total net assets – beginning	1,166,067
Total net assets – ending	\$ 1,072,294

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

Statement B

**STATE OF LOUISIANA
 BOARD OF PRACTICAL NURSE EXAMINERS
 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	
LA St Bd of Practic	\$ 1,180,273	\$ 1,057,164	\$	\$
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				27,854
Miscellaneous				1,482
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				29,336
Change in net assets				(93,773)
Net assets - beginning				1,166,067
Net assets - ending				\$ 1,072,294

Statement C

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

Cash flows from operating activities	
Cash received from customers	\$ 1,058,646
Cash payments to suppliers for goods and services	<u>(429,597)</u>
Cash payments to employees for services	<u>(743,488)</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>(114,439)</u>
Cash flows from non-capital financing activities	
State appropriations	<u> </u>
Proceeds from sale of bonds	<u> </u>
Principal paid on bonds	<u> </u>
Interest paid on bond maturities	<u> </u>
Proceeds from issuance of notes payable	<u> </u>
Principal paid on notes payable	<u> </u>
Interest paid on notes payable	<u> </u>
Operating grants received	<u> </u>
Transfers in	<u> </u>
Transfers out	<u> </u>
Other	<u> </u>
Net cash provided(used) by non-capital financing activities	<u> </u>
Cash flows from capital and related financing activities	
Proceeds from sale of bonds	<u> </u>
Principal paid on bonds	<u> </u>
Interest paid on bond maturities	<u> </u>
Proceeds from issuance of notes payable	<u> </u>
Principal paid on notes payable	<u> </u>
Interest paid on notes payable	<u> </u>
Acquisition/construction of capital assets	<u>(3,720)</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>(3,720)</u>
Cash flows from investing activities	
Purchases of investment securities	<u>(1,032,028)</u>
Proceeds from sale of investment securities	<u>1,020,790</u>
Interest and dividends earned on investment securities	<u>19,480</u>
Net cash provided(used) by investing activities	<u>8,242</u>
Net increase(decrease) in cash and cash equivalents	<u>(109,917)</u>
Cash and cash equivalents at beginning of year	<u>197,911</u>
Cash and cash equivalents at end of year	\$ <u><u>87,994</u></u>

The accompanying notes are an integral part of this statement.

Statement D (continued)

**STATE OF LOUISIANA
 BOARD OF PRACTICAL NURSE EXAMINERS
 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>(120,600)</u>
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	9,840	
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		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(2,914)	
Increase(decrease) in accrued payroll and related benefits	12,859	
Increase(decrease) in compensated absences payable	(13,625)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities		 \$ <u><u>(114,440)</u></u>

Schedule of noncash investing, capital, and financing activities:

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

The accompanying notes are an integral part of this statement.

Statement D (concluded)

INTRODUCTION

The Louisiana State Board of Practical Nurse Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:962. The following is a brief description of the operations of the Louisiana State Board of Practical Nurse Examiners which includes the parish/parishes in which the Louisiana State Board of Practical Nurse Examiners 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 Louisiana State Board of Practical Nurse Examiners 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 Louisiana State Board of Practical Nurse Examiners are annual lapsing appropriations.

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

APPROPRIATIONS

Original approved budget		\$	<u>(172,563)</u>
Amendments:			
	04-Nov-05		<u>(51,052)</u>
	16-Mar-06		<u>25,725</u>
	16-Jun-06		<u>59,393</u>
Final approved budget		\$	<u><u>(138,497)</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 Practical Nurse Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Practical Nurse Examiners may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, 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 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	\$ 87,969	\$ 1,032,028	\$	\$ 1,119,997
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 by the pledging institution's trust department or agent <u>but not in the entity's name</u>	396	1,032,028	_____	1,032,424
Total Bank Balances - All Deposits	\$ 100,365	\$ 1,032,028	\$	\$ 1,132,424

	Balance 6/30/2005	Prior Period Adjustment	Adjusted Balance 7/1/2005	Additions	Transfers*	Retirements	Balance 6/30/2006
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	\$ 123,823	\$	\$ 123,823	\$ 3,720	\$	\$ (30,480)	\$ 97,063
Less accumulated depreciation	(92,252)		(92,252)	(9,840)		29,452	(72,640)
Total furniture, fixtures, and equipment	31,571	--	31,571	(6,120)	--	(1,028)	24,423
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	\$ 31,571	\$ --	\$ 31,571	\$ (6,120)	\$ --	\$ (1,028)	\$ 24,423
Capital Asset Summary:							
Capital assets not being depreciated	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Other capital assets, at cost	123,823	--	123,823	3,720	--	(30,480)	97,063
Total cost of capital assets	123,823	--	123,823	3,720	--	(30,480)	97,063
Less accumulated depreciation	(92,252)	--	(92,252)	(9,840)	--	29,452	(72,640)
Capital assets, net	\$ 31,571	\$ --	\$ 31,571	\$ (6,120)	\$ --	\$ (1,028)	\$ 24,423

* 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.

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

6. Whitney National Bank-Certificate of Deposit	Licensing-#2102373769	72,166
7. Whitney National Bank-Certificate of Deposit	Licensing-#2102425088	104,598
8. Whitney National Bank-Certificate of Deposit	Licensing-#2102495045	200,207
9. Whitney National Bank-Certificate of Deposit	Licensing-#2102513354	100,207
Total		\$ 1,119,997

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	\$	25

F. RESTRICTED ASSETS

The Louisiana State Board of Practical Nurse Examiners did not have any restricted assets at June 30, 2006.

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana State Board of Practical Nurse Examiners has the following policy on annual and sick leave:

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2006 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$-0

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana State Board of Practical Nurse Examiners are members of the Louisiana State Employees Retirement System (LASERS), 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 Practical Nurse Examiners 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. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. The System also provides death and disability benefits and deferred benefit options. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. 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:

Members are required by state statute to contribute 7.5% of gross salary, and the Louisiana State Board of Practical Nurse Examiners 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 19.1% of annual covered payroll from the 17.8% and 15.8% required in fiscal years ended June 30, 2005 and 2004, respectively. The Louisiana State Board of Practical Nurse Examiners contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$76,745, \$63,215, and \$64,016, respectively, equal to the required contributions for each year.

One employee of the Louisiana State Board of Practical Nurse Examiners is a member of the Teachers' Retirement System of Louisiana (TRSL), a cost-sharing multiple-employer, defined benefit pension plan. The TRSL is a statewide public employee retirement system (PERS) which provides pension benefits to employees who meet the legal definition of a "teacher" and is administered and controlled by a separate board of trustees.

All full-time Board employees who qualify as teachers are eligible to participate in the System. Benefits vest with 5 years of service. At retirement age, employees are entitled to annual benefits equal to 2% or 2.5% of final average salary for each year of credited service. Final average salary is based upon the member's highest successive thirty-six months of salary.

Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. The TRSL also provides disability and survivor benefits. Benefits are established or amended by state statute. The TRSL issues an annual publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, LA 70804-9123 or by calling (225) 602-6446.

Members are required by statute to contribute 8% of gross salary, and the Board is required by contribute at an actuarially determined rate as required by Louisiana Revised Statute 11:885. The contribution rate for the fiscal year ended June 30, 2006 was 15.9% of annual covered payroll. The Board's contributions to the System for the year ended June 30, 2006 was \$10,670, equal to the required contribution for the year.

I. POST RETIREMENT 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 an insurance company whose premiums are paid jointly by the employee and the Board. For the year ended June 30, 2006, the cost of providing those benefits for the four retirees totaled \$34,745.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2006 amounted to \$77,514.

K. LONG-TERM LIABILITIES

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

Compensated absences payable:

Balance, June 30, 2005	\$ 63,926
Additions	8,071
Deductions	<u>(21,696)</u>
Balance, June 30, 2006	<u>\$ 50,301</u>

	<u>Year ended June 30, 2006</u>				Amounts due within <u>one year</u>
	Balance June 30, <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2006</u>	
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$	-- \$
Reimbursement contracts payable					--
Bonds payable					--
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable					--
Compensated absences payable					--
Capital lease obligations					--
Claims and litigation					--
Liabilities payable from restricted assets					--
Other long-term liabilities					--
Total other liabilities	--	--	--	--	--
Total long-term liabilities	\$ --	\$ --	\$ --	\$ --	\$ --

L. CONTINGENT LIABILITIES

The Louisiana State Board of Practical Nurse Examiners is a defendant in three claims seeking damages. The Board's legal advisor estimates that potential claims not covered by insurance would not materially affect the financial statements and that the possibility of damages being assessed against the Board is remote.

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	*Damages Claimed	Insurance Coverage
		\$	\$
Totals		\$ -	\$ -

Claims and litigation costs of \$128,889 were incurred in the current year and are reflected in the accompanying financial statement.

M. RELATED PARTY TRANSACTIONS

The Louisiana State Board of Practical Nurse Examiners did not engage in any related party transactions during the year ended June 30, 2006.

N. ACCOUNTING CHANGES

There were no accounting changes made during the year ended June 30, 2006

O. IN-KIND CONTRIBUTIONS

The Louisiana State Board of Practical Nurse Examiners did not have any in-kind contributions during the

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

year ended June 30, 2006.

P. DEFEASED ISSUES

The Louisiana State Board of Practical Nurse Examiners did not have any defeased issues of taxable bonds during the year ended June 30, 2006.

Q. COOPERATIVE ENDEAVORS

The Louisiana State Board of Practical Nurse Examiners did not engage in any cooperative endeavors during the year ended June 30, 2006.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

The Louisiana State Board of Practical Nurse Examiners did not engage in any government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
_____	_____	\$ _____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 2006, the Louisiana State Board of Practical Nurse Examiners was not in violation of any of the Bond Reserve Covenants.

T. SHORT-TERM DEBT

The Louisiana State Board of Practical Nurse Examiners has no issues of short-term debt for the year ended June 30, 2006.

U. DISAGGREGATION OF RECEIVABLE BALANCES

The Louisiana State Board of Practical Nurse Examiners did not have any liabilities payable from restricted assets at June 30, 2006.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

There were no adjustments made to restate beginning net assets for June 30, 2006

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A at June 30, 2006, there were no assets restricted by enabling legislation.

CC. IMPAIRMENT OF CAPITAL ASSETS

There were no capital assets that were considered impaired at June 30, 2006.

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, \$11,376 was paid for compensated absences to one employee due to a voluntary termination as a result of retirement.

The liability for the accrued compensated absences due to voluntary terminations benefits payable at June 30, 2006 is \$50,301. This liability consists of twelve future voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, 2006 is \$-0-. This liability consists of -0- involuntary terminations.

Schedule 1
STATE OF LOUISIANA
Louisiana State Board of Practical Nurse Examiners
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2006

<u>Name</u>	<u>Amount</u>
Chancellor, Ruby R.	\$ 600
Connelley, Roberta	0
Dunn, Gwendolyn	525
Fore, Sharon K.	600
Fulmer, Bobby G.	525
Hebert, Kellie	150
Juneau, Patricia G.	6,825
McLemore, Carl	450
Nelson, Rebecca	450
Passantino, Rose	525
St. Martin, Eugene C.	300
Sonnier, Jr., William	150
Turnlely, I. C.	300
	\$ <u>11,400</u>

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. As authorized by Louisiana Revised Statute 32:772, each member of the Board shall be reimbursed when actually in attendance at a board meeting or when required to travel for the official authorized business of the Board, and such reimbursement shall not exceed \$75.00 per day.

SCHEDULE 2

STATE OF LOUISIANA

Louisiana State Board of Practical Nurse Examiners

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	\$ <u>1085472</u>	\$ <u>1038601</u>	\$ <u>46871</u>	\$ <u>4.51%</u>
Expenses	<u>1179245</u>	<u>1073557</u>	<u>105688</u>	<u>9.84%</u>
2) Capital assets	<u>24423</u>	<u>31571</u>	<u>-7148</u>	<u>-22.64%</u>
Long-term debt	<u>50301</u>	<u>63926</u>	<u>-13625</u>	<u>-21.31%</u>
Net Assets	<u>1072294</u>	<u>1166067</u>	<u>-93773</u>	<u>-8.04%</u>

Explanation for change:
