State Board of Certified Public Accountants of Louisiana
A Component Unit of the State of Louisiana

Financial Statement Audit
For the Two Years Ended June 30, 2013
Issued October 2, 2013

LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 29, 2013

Independent Auditor's Report

**STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA**
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, which comprise the Statement of Net Position, as of June 30, 2013, and the Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows for the years ended June 30, 2013 and 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2013, and changes in financial position and cash flows for the years ended June 30, 2013 and 2012, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the Schedule of Funding Progress for the Other Postemployment Benefits Plan on page 28 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying supplementary information such as the Schedule of Per Diem Paid Board Members and the Annual Fiscal Report are presented for purposes of additional analysis and are not a required part of the financial statements.

The Schedule of Per Diem Paid Board Members and the Annual Fiscal Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Per Diem Paid Board Members and the Annual Fiscal Report are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reports Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2013, on our consideration of the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit in accordance with *Government Auditing Standards* in considering the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting and compliance.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the State Board of Certified Public Accountants of Louisiana's (the Board) financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2013. 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 on page 12.

FINANCIAL HIGHLIGHTS

- The Board's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2013 by $860,488, which represents a $148,984 (or 20.9%) increase from last fiscal year.

- The Board's operating revenue is generated by fees for applications, licenses and license renewals and by fines, settlements, and cost recoveries from enforcement related activities.

- Total operating revenue increased by $118,657 (or 12.9%) from 2012 to 2013. The increase in operating revenue resulted from a number of factors, but largely it was the spread of revenue from enforcement actions being low in the prior year and higher in this fiscal year.

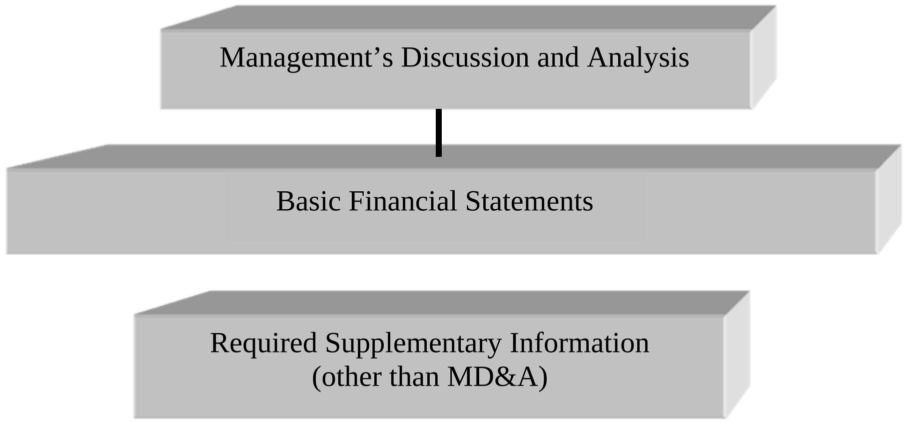
- Revenue related to enforcement activity is subject to wide fluctuation from year to year. Fines and settlements, which include recoveries of enforcement costs, represent $108,501 (or 10.4%) of total operating revenues for the fiscal year 2013. Last fiscal year, revenue from enforcement activity was $15,423 (or 1.7%) of total operating revenue.

- Nonoperating revenue consists of interest on a money market checking account. Interest earnings represent less than 0.31% of total revenues for both this fiscal year and last fiscal year.

- Operating expenses increased by $47,541 (or 5.6%) from a total of $846,412 last fiscal year to $893,953 this fiscal year. This increase can be attributed to several factors including a statewide increase in the retirement contribution rate due to LASERS from state agencies of 3.5% from the prior fiscal year, as well as being more fully staffed in several positions in 2013 compared to 2012 thereby increasing salary expense by 10.3%. Those expenses were offset in part by a decrease in audit expense from the prior year (audits occur biannually).

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 (GASB) 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, as may be applicable. The Board includes a supplemental schedule of board member compensation and other information as may be required by the state's Division of Administration.

Basic Financial Statements

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

The Statement of Net Position (page 12) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which 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 Net Position (page 13) 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 position 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 (page 14) 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 to the net cash provided by operating activities (indirect method) as required by GASB Statement 34.

Statement of Net Position
As of June 30

	Total	
	2013	2012
Current and other assets	$1,426,108	$1,248,782
Capital assets		3,672
Total assets	1,426,108	1,252,454
Total deferred outflow of resources	NONE	NONE
Other liabilities	32,851	27,649
Long-term debt outstanding	532,769	513,301
Total Liabilities	565,620	540,950
Total deferred inflow of resources	NONE	NONE
Net position:		
Net investment in capital assets		3,672
Unrestricted	860,488	707,832
Total net position	$860,488	$711,504

FINANCIAL ANALYSIS OF THE ENTITY

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

Unrestricted assets of $860,488 are available for future operations. There are no restricted assets as of June 30, 2013.

The net position of the Board increased by $148,984 (or 20.9%) from June 30, 2012 to June 30, 2013. The primary reason is due to an increase in enforcement activity related revenues.

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30

	Total		
	2013	2012	2011
Operating revenues	$1,039,893	$921,236	$969,154
Operating expenses	893,953	846,412	963,937
Operating income	145,940	74,824	5,217
Nonoperating revenues	3,044	2,868	2,592
Net increase in net position	$148,984	$77,692	$7,809

The Board's total operating revenues increased by $118,657 (or 12.9%) primarily because of enforcement activity revenues. The total cost of all programs and services increased by $47,541 (or 5.6%.) As explained in the financial highlights on page 5, state agency contribution increases to LASERS and being more fully staffed contributed to the increase in operating expenses year over year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets consists of office and computer equipment that is or has been depreciated over periods of five to six years. At the end of fiscal year ended June 30, 2013, the Board's capital assets had been fully depreciated.

Debt

The Board has not financed through external borrowing or incurring debt and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees and other postemployment benefits as described in the notes to the financial statements. The board has claims and judgments of $0 outstanding at year-end compared with $0 last year.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The Board's annual budget is on a modified accrual basis of accounting excluding certain non-exchange revenues and noncash items, such as accrued earnings of compensated absences, other postemployment benefits, and depreciation.

The original budget approved for the year ended June 30, 2013, was amended once during the fiscal year. Similarly, the original budget for the year ended June 30, 2012, was also amended once during the prior fiscal year.

For the year ended June 30, 2013, actual revenues were over the amended budget amount by $16,452 (or 1.6%). For the year ended June 30, 2012, actual revenues were under the final budget by $20,121 (or 2.1%).

For the year ended June 30, 2013, actual expenses were under the final budget by $23,890 (or 2.6%). For the year ended June 30, 2012, actual expenses were under the final budget by $65,336 (or 7.2%). Staff turnover in the fiscal year ended June 30, 2012, resulted in less salary and related expenditures, and professional services were nearly 50% less than budgeted amounts due to lower enforcement activity in that year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

License and firm permit fees, the Board's primary sources of revenue, are reviewed annually and set at appropriate levels based on the Board's financial position and anticipated needs. The Board's appointed officials considered the following factors and indicators when setting next year's budget:

- The total number of licensees and registrants has been relatively stable over recent years. As the state population continues to stabilize from outflows because of Hurricane Katrina and the recession in 2008, it is anticipated that the total number of licensees and registrants will change little.

- License and annual renewal fees are monitored closely by the Board to balance its responsibilities as a regulator with its interest in keeping fees at reasonable levels in relation to operating costs.

- Enforcement of statutes and rules is a significant function of the Board, and having the necessary resources available to investigate cases as they arise as well as having the technology and personnel to monitor those cases effectively is crucial.

- The costs of other postemployment benefits (OPEB) are reported in annual actuarial reports, covering all state agencies, which are prepared and issued by an actuary retained by the State of Louisiana to estimate these costs under the applicable actuarial methods. The expense and accrued liability relates to the obligation to pay the employer share of postretirement premiums of employees enrolled in the state health plan (OGB) at the time of retirement from state service. The Board annually monitors the OPEB costs.

The Board expects that next year's revenues will be lower than this fiscal year while expenses will be higher based on the following:

- Licensee and firm permit revenues are expected to be approximately the same in the upcoming year as this fiscal year.

- Enforcement activities vary from year to year; therefore, both revenue and costs from those activities fluctuate. It is expected that enforcement revenue will be lower in the coming year although expenses are predicted to be higher than the prior year and more in line with other years in the past. The Board will monitor this activity for changes throughout the year.

- Retirement and insurance costs continue to rise as the employer contribution rates for both LASERS and health insurance premiums increase annually.

- Upgrades in hardware and software are needed to meet the needs of recordkeeping, online renewals, enforcement, and information dissemination. Significant expenditures could be required to make these changes.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, licensees, registrants, examination candidates, individuals and organizations served by CPAs, and other users 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 the Board's executive director at 601 Poydras Street, Suite 1770, New Orleans, Louisiana 70130.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Net Position, June 30, 2013

ASSETS	
Current assets:	
Cash (note 2)	$1,327,276
Receivables	88,980
Prepayments	9,852
Total current assets	1,426,108
Noncurrent assets:	
Capital assets (note 4)	44,582
Less accumulated depreciation (note 4)	(44,582)
Total noncurrent assets	NONE
Total assets	1,426,108
LIABILITIES	
Current liabilities:	
Accounts payable	21,229
Deferred revenue	4,750
Current portion of long-term liabilities - compensated absences payable (note 6)	6,872
Total current liabilities	32,851
Noncurrent liabilities:	
Compensated absences payable (note 6)	18,269
Other postemployment benefits payable (notes 6 and 7)	514,500
Total noncurrent liabilities	532,769
Total liabilities	565,620
NET POSITION	
Unrestricted	860,488
Total net position	$860,488

The accompanying notes are an integral part of this statement.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2013 and 2012

	June 30,	
	2013	2012
OPERATING REVENUES		
Licenses, permits, and fees	$927,345	$902,205
Fines and settlements	108,501	15,423
Other income	4,047	3,608
Total operating revenues	1,039,893	921,236
OPERATING EXPENSES		
Personal services	597,663	541,992
Professional and contractual	46,233	55,216
Operating services and supplies	246,385	244,184
Depreciation (note 4)	3,672	5,020
Total operating expenses	893,953	846,412
OPERATING INCOME	145,940	74,824
NONOPERATING REVENUES		
Interest earnings	3,044	2,868
Change in net position	148,984	77,692
TOTAL NET POSITION AT BEGINNING OF YEAR	711,504	633,812
TOTAL NET POSITION AT END OF YEAR	$860,488	$711,504

The accompanying notes are an integral part of this statement.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Statement of Cash Flows
For the Years Ended June 30, 2013 and 2012

	June 30,	
	2013	2012
Cash flows from operating activities:		
Cash received from licensees and registrants	$955,839	$953,305
Cash received from customers	4,047	3,608
Cash payments to suppliers for goods and services	(293,672)	(292,852)
Cash payments to employees for services	(572,731)	(491,835)
Net cash provided by operating activities	93,483	172,226
Cash flows from capital and related financing activities:		
Acquisition of capital assets	NONE	NONE
Cash flows from investing activities:		
Interest received	3,044	2,868
Net increase in cash	96,527	175,094
Cash at beginning of year	1,230,749	1,055,655
Cash at end of year	$1,327,276	$1,230,749
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$145,940	$74,824
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	3,672	5,020
Changes in assets and liabilities:		
(Increase) decrease in receivables	(81,686)	34,677
(Increase) decrease in prepayments	887	(559)
Increase (decrease) in accounts payable	(2,558)	8,806
Increase (decrease) in compensated absences payable	(13,647)	1,444
Increase in OPEB payable	39,625	47,014
Increase in deferred revenues	1,250	1,000
Total adjustments	(52,457)	97,402
Net cash provided by operating activities	$93,483	$172,226

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (the Board), a component unit of the State of Louisiana, was created by the Louisiana Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The Board is a licensing agency of the State of Louisiana. Effective July 1, 2001, the Board was among those transferred from the Department of Economic Development to the Office of the Governor by the legislature. The Board's enabling legislation, the Louisiana Accountancy Act, is comprised by R.S. 37:71 *et seq*. The Board is composed of seven members who are appointed by the governor, five from designated geographic areas and two at-large. The Board acts in Louisiana's public interest. The Board is charged with the responsibility of regulating the practice of certified public accountants (CPA) and firms in the state by enforcing the accountancy act, promulgating rules, administering examinations of CPA candidates, and issuing and renewing licenses to practice as a CPA or CPA firm. Operations of the Board are funded through self-generated revenues primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses. The Board has nine full-time authorized employee positions. As of June 30, 2013, there were 7,063 active (licensed) and 3,256 inactive (unlicensed) certified public accountants and 2,195 CPA firms with licenses in Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Board is considered a component unit (enterprise fund) of the State of Louisiana because the state has financial accountability over the Board in that the governor appoints the board members. The accompanying financial statements present information only as to the transactions and activities of the Board.

Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Louisiana Legislative Auditor audits the basic financial statements of the State of Louisiana.

C. FUND ACCOUNTING

All activities of the Board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The transactions of the Board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position.

The Board uses the following practices in recording revenues and expenses:

Revenues

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.

Expenses

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

Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deferred Revenues

Deferred revenues arise when potential revenue is collected or received before being earned.

E. BUDGET PRACTICES

The Board submitted its annual budget to the various agencies prescribed by R.S. 39:1331-1342, in accordance with R.S. 36:803. The budget is prepared on a modified accrual basis of accounting. Although budget amounts lapse at year-end, the Board retains its unexpended net position to fund expenses of the succeeding year. Formal budget integration is not employed as a management control device during the year. The original budgets for the years ended June 30, 2013 and 2012 were revised with two amendments as summarized below:

	Revenues	Expenditures	Fund Balance
June 30, 2013			
Original approved budget	$941,300	$985,666	$711,501
Amendment 1	85,185	(67,823)	
Excess of revenues over expenditures			108,642
Final approved budget	$1,026,485	$917,843	$820,143
June 30, 2012			
Original approved budget	$905,575	$1,002,654	$633,811
Amendment 1	38,650	(90,906)	
Excess of revenues over expenditures			32,477
Final approved budget	$944,225	$911,748	$666,288

F. CASH AND INVESTMENTS

Cash consists of the amounts in interest-bearing demand deposit accounts, cash on hand, and petty cash. Certificates of deposit with maturities extending beyond 90 days are considered investments. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Board may invest in time certificates of deposit of any bank domiciled or having a branch in 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.

G. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital assets consist of office and computer equipment and are capitalized at historical cost. These assets, net of accumulated depreciation, are included on the Statement of Net Position. The Board follows the Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. However, according to the Office of Statewide Reporting and Accounting Policy's instructions, only equipment valued at or over $5,000 and computer software valued at or over $1,000,000 are capitalized and depreciated for financial statement purposes. Depreciation for financial reporting is computed by the straight-line method over an asset's useful life which is five years for computer equipment and six years for office equipment. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.

Long-term obligations at June 30, 2013, include compensated absences and other postemployment benefits (OPEB). A summary of changes in long-term obligations is presented in note 6.

H. EMPLOYEE COMPENSATED ABSENCES

Employees of the Board earn and accumulate annual and sick leave at varying 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.

Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave (K-time) earned. 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 employee's hourly rate of pay at termination or transfer.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as an expense and a liability in the financial statements in the period in which the leave is earned.

I. NET POSITION

Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three components as applicable:

Net investment in capital assets, net of related debt consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets when external constraints are placed on the asset use by creditors, grantors, contributors, and laws or regulations of other governments or constraints are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of all other assets that are not included in the other categories previously mentioned.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. ADOPTION OF NEW ACCOUNTING PRINCIPLE

The Board implemented GASB Statement 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The effect of the implementation was to replace the term of net assets with net position.

2. CASH

The Board has cash (book balance) totaling $1,327,276 at June 30, 2013, which consists of the following:

Demand deposits	$1,325,126
Cash on hand	2,050
Petty cash	100
Total	$1,327,276

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be recovered. The Board's deposit policy conforms to state law. Under state law, the Board's deposits must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2013, the Board's total bank balance was $1,348,120, of which $1,041,927 was uninsured. Required collateral for the uninsured balance was held by the pledging bank's agent but not in the Board's name and therefore is exposed to custodial credit risk.

3. INVESTMENTS

At June 30, 2013, the Board has no investments.

4. CAPITAL ASSETS

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2011	Additions	Deletions	Ending Balance June 30, 2012
Equipment	$44,582			$44,582
Less accumulated depreciation	(35,890)	($5,020)		(40,910)
Capital assets, net	$8,692	($5,020)	NONE	$3,672

	Beginning Balance July 1, 2012	Additions	Deletions	Ending Balance June 30, 2013
Equipment	$44,582			$44,582
Less accumulated depreciation	(40,910)	($3,672)		(44,582)
Capital assets, net	$3,672	($3,672)	NONE	NONE

5. PENSION PLAN

Plan Description - Substantially all of the employees of the Board are members of a statewide, public employee retirement system, either the Louisiana State Employees Retirement System (LASERS) or Teachers' Retirement System of Louisiana (TRSL). LASERS is a cost-sharing, single-employer defined benefit pension plan. TRSL is a cost-sharing, multiple-employer defined benefit pension plan. LASERS and TRSL are statewide public employee retirement systems (PERS) for the benefit of state employees, which are administered and controlled by separate boards of trustees. LASERS and TRSL provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

All full-time Board employees are eligible to participate in LASERS unless an election is made to continue as a member in another retirement system, such as TRSL, for which they remain eligible for membership. Benefits vest with LASERS after 10 years of service and with TRSL after five years of service. In the LASERS plan, 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, vested employees have the option of reduced benefits at any age with 20 years of service. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The retirement systems issue annual publicly available financial reports that include financial statements and required supplementary information for the retirement systems. The reports may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 and/or the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy - As required by state statute, employees contribute either 7.5% or 8% of covered salaries to LASERS or contribute 8% to TRSL. Act 75 of the 2005 Regular Legislative Session requires that employees hired on or after July 1, 2006, contribute 8% of their salaries to LASERS. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The Board's LASERS contribution rate for the fiscal year ended June 30, 2013, increased to 29.1% of annual covered payroll from the 25.6% and 22% required in fiscal years ended June 30, 2012 and 2011, respectively. The Board's contributions to LASERS for the years ended June 30, 2013, 2012, and 2011 were $93,839; $81,254; and $76,647, respectively, equal to the required contributions for each year. The Board's TRSL contribution rate for the fiscal year ended June 30, 2013, increased to 24.5% of annual covered payroll from the 23.7% required in fiscal year ended June 30, 2012. The Board's contributions to TRSL for the years ended June 30, 2013, 2012, and 2011 were $7,609; $3,852; and $0, respectively, equal to the required contributions for each year.

6. CHANGES IN LONG-TERM LIABILITIES (CURRENT AND NONCURRENT PORTION)

The following is a summary of long-term liability transactions of the Board for the two years ended June 30, 2013:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Amounts Due Within One Year
Compensated absences payable	$37,344	$15,749	($14,305)	$38,788	$362
OPEB payable	427,861	63,165	(16,151)	474,875	
Total long-term liabilities	$465,205	$78,914	($30,456)	$513,663	$362

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amounts Due Within One Year
Compensated absences payable	$38,788	$102,406	($116,053)	$25,141	$6,872
OPEB payable	474,875	61,600	(21,975)	514,500	
Total long-term liabilities	$513,663	$164,006	($138,028)	$539,641	$6,872

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Employees of the Board voluntarily participate in the State of Louisiana's health insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately before retirement. The postemployment benefits plan is a cost-sharing, multiple-employer defined benefit plan, but is classified as an agent multiple-employer plan for financial reporting purposes since the plan is not administered as a formal trust. R.S. 42:801-883 provide the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy - The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) Plan, the Health Maintenance Organization (HMO) Plan, the Medical Home HMO Plan. OGB also offers the Consumer Driven Health Plan with a Health Savings Account option (CDHP-HSA) for active employees. OGB also offered the Regional HMO Plan for the 2012 calendar year. Retired employees who have Medicare Part A and Part B coverage also have access to three OGB Medicare Advantage plans: the Peoples Health HMO-POS Plan, the Vantage HMO-POS Plan, and the Vantage Zero-Premium HMO-POS Plan. There is also a Health Exchange Plan which is not an OGB plan; however, OGB is partnering with Extend Health to offer access to multiple Medicare plans. There are no premiums to the state for the Vantage Zero-Premium HMO-POS Plan or the Health Exchange Plan. During calendar year 2012, OGB offered five Medicare Advantage plans: Humana HMO Plan, Peoples Health HMO-POS Plan, Vantage HMO-POS Plan, Humana PPO Plan, and United Healthcare PPO Plan.

Employees hired before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 pay approximately 25% of the active employee cost). Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate upon retirement based on the following schedule:

Service	Employer Contribution Percentage	Employee Contribution Percentage
Under 10 years	19%	81%
10 - 14 years	38%	62%
15 - 19 years	56%	44%
20+ years	75%	25%

Shown below are the total monthly premium rates in effect at June 30, 2013.

	PPO	HMO	CDHP-HSA	Medical Home HMO
Active				
Single	$576	$544	$447	$536
With Spouse	1,223	1,156	950	1,122
With Children	702	664	545	651
Family	1,290	1,219	1,001	1,183
Retired Without Medicare and Re-employed Retirees				
Single	$1,071	$1,015	N/A	$985
With Spouse	1,892	1,793	N/A	1,727
With Children	1,193	1,131	N/A	1,095
Family	1,883	1,784	N/A	1,719
*Retired with 1 Medicare				
Single	$348	$336	N/A	$330
With Spouse	1,287	1,228	N/A	1,180
With Children	603	578	N/A	561
Family	1,715	1,634	N/A	1,567
*Retired with 2 Medicare				
With Spouse	$626	$602	N/A	$582
Family	775	746	N/A	717

*All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for the reduced premium rates.

Effective January 1, 2012, the Plan changed from a fiscal year plan to a calendar year plan. The following table shows the monthly premium rates in effect for the plan year 2012.

	PPO	HMO	CDHP-HAS	Medical Home HMO	Regional HMO
Active					
Single	$619	$585	$481	$609	$553
With Spouse	1,315	1,243	1,021	1,294	1,158
With Children	755	714	586	743	672
Family	1,387	1,310	1,077	1,364	1,221
Retired Without Medicare and Re-employed Retirees					
Single	$1,152	$1,092	N/A	$1,133	$1,016
With Spouse	2,034	1,928	N/A	2,001	1,783
With Children	1,283	1,216	N/A	1,262	1,130
Family	2,025	1,919	N/A	1,191	1,775
*Retired with 1 Medicare					
Single	$375	$361	N/A	$368	$341
With Spouse	1,384	1,320	N/A	1,361	1,218
With Children	648	621	N/A	638	579
Family	1,844	1,757	N/A	1,814	1,618
*Retired with 2 Medicare					
With Spouse	$673	$648	N/A	$662	$600
Family	834	802	N/A	820	740

*All members who retire on or after July 1, 1997, must have Medicare Parts A and B to qualify for the reduced premium rates.

	Calendar Year 2013 Retired With		Calendar Year 2012 Retired With	
Medicare Supplemental Rates	1 Medicare	2 Medicare	1 Medicare	2 Medicare
Peoples Health HMO-POS	$234	$468	$167	$334
Vantage HMO-POS	184	369	279	558
Humana HMO			156	312
Humana PPO			150	300
UnitedHealthCare PPO			214	428

OGB also provides eligible retirees and their spouses Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life, and Employee Accidental Death and Dismemberment coverage, which is underwritten by the Prudential Insurance Company of America. The total premium is approximately $1 per thousand dollars of coverage of which the employer pays fifty cents for retirees and twelve cents for spouses. The monthly premium is reduced to less than $1 per thousand for retired employees age 70 and over. Maximum coverage is capped at $50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with accidental death and dismemberment coverage ceasing at age 70 for retirees.

Annual Other Postemployment Benefit Cost and Liability - The Board's annual required contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial accrued liability (UAAL) over a period of 30 years. A 30-year, open amortization period has been used. The total ARC for fiscal years 2013 and 2012 is $60,700 and $62,400, respectively.

The following schedule presents the Board's annual OPEB cost for the fiscal years ended June 30, 2013 and 2012:

	2013	2012
ARC	$60,700	$62,400
Interest on net OPEB obligation	19,000	17,114
ARC adjustment	(18,100)	(16,349)
Annual OPEB cost	61,600	63,165
Contributions made - current year retiree premiums	(21,975)	(16,151)
Increase in net OPEB obligation	39,625	47,014
Beginning net OPEB obligations at July 1	474,875	427,861
Ending net OPEB obligation at June 30	$514,500	$474,875

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2013, and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	$88,000	18.8%	$427,861
June 30, 2012	$63,165	25.6%	$474,875
June 30, 2013	$61,600	35.7%	$514,500

Funded Status and Funding Progress - During fiscal years 2013 and 2012, neither the Board nor the State of Louisiana made contributions to its postemployment benefits plan trust. A trust was established during fiscal year 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan is not funded, the Board's entire actuarial accrued liability of $824,900 and $779,700 was unfunded, respectively, for fiscal years 2013 and 2012.

The funded status of the plan, as determined by an actuary, was as follows:

	July 1, 2012	July 1, 2011
Actuarial accrued liability (AAL)	$824,900	$779,700
Actuarial value of plan assets	NONE	NONE
Unfunded actuarial accrued liability (UAAL)	$824,900	$779,700
Funded ratio	0%	0%
Covered payroll (active plan members)	$263,000	$227,000
UAAL as a percentage of covered payroll	314%	343%

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in AAL consistent with the long-term perspective of the calculations.

The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's UAAL is being amortized as a level percentage of projected payroll over an open amortization period of 30 years. Annual per capita medical claims costs were updated to reflect an additional year of actual experience.

The AAL decreased from each of the last two actuarial valuations. Contributing to the decrease for fiscal year 2012 were (1) the implementation of the Medicare Prescription Employee Waiver Group plan; (2) claims for the year ended June 30, 2011, were less than expected; and (3) changes in retirement eligibility provisions. Contributing to the decrease for fiscal year 2013 were (1) retiree contributions were reduced; (2) election rates were applied for those expected to receive less than the full 75% subsidy from the state; (3) the trend and mortality assumption was updated to reflect a longer time horizon; and (4) a modest loss in claims experience.

A summary of the actuarial assumptions is presented as follows:

	Fiscal Year 2013	Fiscal Year 2012
Actuarial valuation date	July 1, 2012	July 1, 2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level % of payroll	Level % of payroll
Amortization period	30 years, open	30 years, open
Asset valuation method	None	None
Actuarial assumptions:		
Discount rate	4%	4%
Projected salary increase	3%	3%
Health care inflation rate	7%-8.1%	7.5%-8.6%
Health care inflation rate - ultimate	4.50%	5%

8. OPERATING LEASE

The Board's total rental and lease expense for June 30, 2013 and 2012, were $84,447 and $89,256, respectively, which includes an operating lease for office space with a monthly rental of $5,342 for a five-year term, which ended August 31, 2011, which was renewed on February 17, 2011, to extend the term to August 31, 2016. The Board has no capital leases. Future minimum operating lease payments under this operating lease for the years ending June 30 are as follows:

Nature of Operating Lease	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Office space	$64,104	$64,104	$10,684

9. RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by General Fund appropriation.

There is no pending litigation or claims against the Board at June 30, 2013, which if asserted, in the opinion of the Board's legal advisors, would have at least a reasonable probability of an unfavorable outcome or for which resolution would materially affect the financial statements.

10. DEFERRED COMPENSATION PLAN

Employees of the Board may participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Disclosures relating to this plan are available in the Plan's separate audit report, which is available from the Louisiana Legislative Auditor's website at www.lla.la.gov.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the
Other Postemployment Benefits Plan

The schedule of funding progress (Schedule 1) is required supplementary information that presents certain specific data regarding the funding progress of the Other Postemployment Benefits Plan, including the unfunded actuarial accrued liability.

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Schedule of Funding Progress for the Other Postemployment Benefits Plan
Three Fiscal Years Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
July 1, 2010	NONE	$1,031,800	$1,031,800	0.0%	$227,000	455%
July 1, 2011	NONE	$779,700	$779,700	0.0%	$227,000	343%
July 1, 2012	NONE	$824,900	$824,900	0.0%	$263,000	314%

PER DIEM PAID BOARD MEMBERS
For the Years Ended June 30, 2013 and 2012

The schedule of per diem paid board members (Schedule 2) is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Officers of the board receive compensation of $150 per month, and other members receive $100 per month in accordance with Act 473 of 1999.

ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR, DIVISION OF ADMINISTRATION, OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY
As of and for the Year Ended June 30, 2013

The annual fiscal report presents the financial position of the State Board of Certified Public Accountants of Louisiana as of June 30, 2013, and the results of its operations (including cash flows) for the year then ended. The information is presented in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.

Schedule 2

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

Schedule of Per Diem Paid Board Members
For the Years Ended June 30, 2013 and 2012

	2013	2012
Michael D. Bergeron - Treasurer (July 2011), Member (August 2011 - June 2012),		$1,250
Member (July 2012 - June 2013)	$1,200	
Michael B. Bruno, CPA - Member (July 2011 - June 2012)		1,200
Member (July 2012), Secretary (August 2012 - June 2013)	1,750	
Susan C. Cochran, CPA - Member (July 2011 - June 2012)		700
Lettie Lowe-Ardoin, CPA - Member (February 2012 - June 2012)		500
Member (July 2012 - June 2013)	1,200	
Mark P. Harris, CPA - Member (July 2011), Secretary (August 2011 - July 2012)		1,750
Secretary (July 2012), Treasurer (August 2012 - June 2013)	1,800	
Desiree W. Honore', CPA - Member (July 2011 - June 2012)		1,200
Member (July 2012 - June 2013)	1,200	
Lynn V. Hutchinson - Member (July 2011), Treasurer (August 2011 - June 2012)		1,800
Treasurer (July 2012), Member (August 2012 - June 2013)	1,250	
Michael A. Tham, CPA - Chairman	1,800	1,800
Total	$10,200	$10,200

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

STATE OF LOUISIANA

Annual Financial Report
June 30, 2013

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STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA

601 Poydras Street, Suite 1770
New Orleans, LA 70130

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TRANSMITTAL LETTER

August 30, 2013

Division of Administration
ATTN: Afranie Adomako, CPA, Director
Office of Statewide Reporting
and Accounting Policy (OSRAP)
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
ATTN: Daryl G. Purpera, CPA, CFE
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

via: LLAFileroom@lla.la.gov

Dear Messrs. Adomako and Purpera:

Enclosed are the annual financial statements of the State Board of Certified Public Accountants of Louisiana as of, and for the fiscal year ended, June 30, 2013 prepared 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.

If you have any questions, please contact me.

Sincerely,

Darla M. Saux, CPA
Executive Director

Encl.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2013

STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
601 Poydras Street, Suite 1770, New Orleans, LA 70130

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

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

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

LLAFileroom@lla.la.gov

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Darla M. Saux, Executive Director of the State Board of Certified Public Accountants of Louisiana who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the State Board of Certified Public Accountants of Louisiana at June 30, 2013 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 28th day of August, 2013.

Signature of Agency Official

State of Louisiana
Parish of Orleans

NOTARY PUBLIC

CHARLES J. NUNEZ
Attorney-at-Law, Bar # 10130
Notary Public, Parish of
Jefferson, State of Louisiana
My Commission is for Life

Prepared by: Darla M. Saux
Title: Executive Director
Phone No.: 504-566-1244
Date: August 28, 2013
Email: sitemaster@cpaboard.state.la.us

Management's Discussion and Analysis (MD&A)

Management's Discussion and Analysis of the State Board of Certified Public Accountants of Louisiana's (the "Board") financial performance presents a narrative overview and analysis of the Board's financial activities for the year ended June 30, 2013. 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 on page 10.

FINANCIAL HIGHLIGHTS

- The Board's assets and deferred outflows exceeded liabilities and deferred inflows at the close of fiscal year 2013 by $ 860,488, which represents a $ 148,984 (or 20.9%) increase from last fiscal year.

- The Board's operating revenue is generated by fees for applications, licenses and license renewals and by fines, settlements, and cost recoveries from enforcement related activities.

  Total operating revenue increased by $118,657 (or 12.88%) from 2012 to 2013. The increase in operating revenue resulted from a number of factors, but largely it was the spread of revenue from enforcement actions being low in the prior year and higher in this fiscal year.

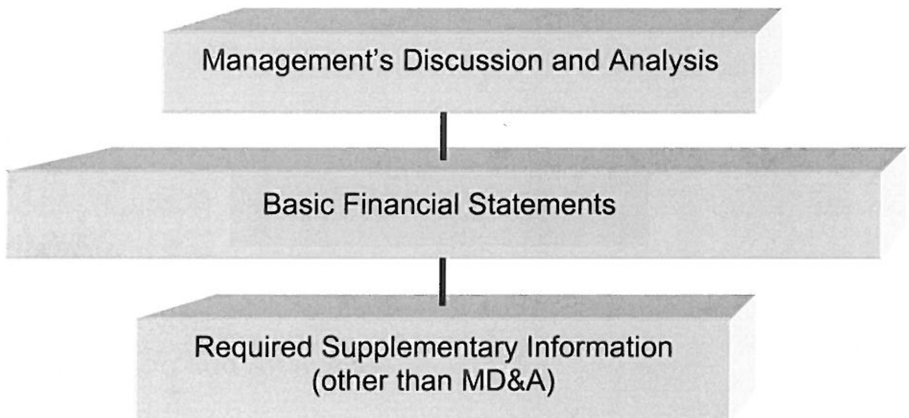
  Revenue related to enforcement activity is subject to wide fluctuation from year to year. Fines and settlements, which include recoveries of enforcement costs, represent $ 108,501 (or 10.43%) of total operating revenues for the fiscal year 2013. Last fiscal year, revenue from enforcement activity was $ 15,423 (or 1.67%) of total operating revenue.

- Non-operating revenue consists of interest on a money market checking account. Interest earnings represent less than 0.31% of total revenues for both this fiscal year and last fiscal year.

- Operating expenses increased by $ 47,541 (or 5.62%) from a total of $ 846,412 last fiscal year to $893,953 this fiscal year. This increase can be attributed to several factors including a statewide increase in the retirement contribution rate due to LASERS from state agencies of 3.5% from the prior fiscal year, as well as being more fully staffed in several positions in 2013 compared to 2012 thereby increasing salary expense by 10.57%. Those expenses were offset in part by a decrease in audit expense from the prior year (audits occur bi-annually).

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, as may be applicable. The Board includes a supplemental schedule of Board Member compensation and other information as may be required by the State's Division of Administration.

Basic Financial Statements

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

The Statement of Net Position (page 10) presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and liabilities plus deferred inflows is net position, which 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 Net Position (page 11) 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 position 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 (page 13) 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 Statement 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
as of June 30

	Total	
	2013	2012
Current and other assets	$ 1,426,108	$ 1,248,782
Capital assets	-	3,672
Total assets	1,426,108	1,252,454
Total deferred outflow of resources	-	-
Other liabilities	32,851	27,649
Long-term debt outstanding	532,769	513,301
Total Liabilities	565,620	540,950
Total deferred inflow of resources	-	-
Net position:		
Net investment in capital assets	-	3,672
Restricted	-	-
Unrestricted	860,488	707,832
Total net position	$ 860,488	$ 711,504

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

Unrestricted assets of $860,488 are available for future operations. There are no restricted assets as of June 30, 2013.

The net position of the Board increased by $148,984, or 20.94%, from June 30, 2012 to June 30, 2013. The primary reason is due to an increase in enforcement activity related revenues.

Statement of Revenues, Expenses, and Changes in Net Position
for the years ended June 30

	Total 2013	Total 2012
Operating revenues	$ 1,039,893	$ 921,236
Operating expenses	893,953	846,412
Operating income (loss)	145,940	74,824
Non-operating revenues	3,044	2,868
Non-operating expenses	-	-
Income (loss) before transfers	148,984	77,692
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net position	$ 148,984	$ 77,692

The Board's total operating revenues increased by $ 118,657 (or 12.88%) primarily due to enforcement activity revenues. The total cost of all programs and services increased by $ 47,541 (or 5.62%.) As explained in the financial highlights on page 3, state agency contribution increases to LASERS and being more fully staffed contributed to the increase in operating expenses year over year.

Statement of Cash Flows
for the years ended June 30

	Total 2013	Total 2012
Cash and cash equivalents provided by		
Operating activities	$ 93,483	$ 172,226
Capital and financing activities	-	-
Investing activities	3,044	2,868
Net increase in cash and cash equivalents	96,527	175,094
Cash and cash equivalents		
Beginning of year	1,230,749	1,055,655
End of year	$ 1,327,276	$ 1,230,749

A review of the Statement of Cash Flows can help assess the financial health of the Board as it shows the ability to generate future cash flows and meet the Board's obligations. Cash provided by investing activities is derived from interest income on bank deposits.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Board's investment in capital assets consists of office and computer equipment that is or has been depreciated over periods of five to six years. At the end of fiscal year ended June 30, 2013, the Board's capital assets had been fully depreciated.

Debt

The Board has not financed through external borrowing or incurring debt and thus does not have any outstanding bonds or notes for this or the previous fiscal year. Other obligations include compensated absences (accrued vacation and compensatory leave) earned and accumulated by employees and other postemployment benefits as described in the notes to the financial statements. The board has claims and judgments of $ 0 outstanding at year-end compared with $ 0 last year.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

The Board's annual budget is on a modified accrual basis of accounting excluding certain non-exchange revenues and noncash items, such as accrued earnings of compensated absences, other postemployment benefits, and depreciation.

The original budget approved for the year ended June 30, 2013 was amended once during the fiscal year. Similarly, the original budget for the year ended June 30, 2012 was also amended once during the prior fiscal year.

For the year ended June 30, 2013, actual revenues were over the amended budget amount by $ 16,452, or 1.60%. For the year ended June 30, 2012, actual revenues were under the final budget by $20,121, or 2.13%.

For the year ended June 30, 2013, actual expenses were under the final budget by $ 23,887, or 2.60%. For the year ended June 30, 2012, actual expenses were under the final budget by $ 65,336, or 7.17%. Staff turnover in the fiscal year ended June 30, 2012 resulted in less salary and related expenditures, and professional services were nearly 50% less than budgeted amounts due to lower enforcement activity in that year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

License and firm permit fees, the Board's primary sources of revenue, are reviewed annually and set at appropriate levels based on the Board's financial position and anticipated needs. The Board's appointed officials considered the following factors and indicators when setting next year's budget:

- The total number of licensees and registrants has been relatively stable over recent years. As the state population continues to stabilize from outflows due to Hurricane Katrina and the recession in 2008, it is anticipated that the total number of licensees and registrants will change little.

- License and annual renewal fees are monitored closely by the Board in order to balance its responsibilities as a regulator with its interest in keeping fees at reasonable levels in relation to operating costs.

- Enforcement of statutes and rules is a significant function of the Board, and having the necessary resources available to investigate cases as they arise as well as having the technology and personnel to monitor those cases effectively is crucial.

- The cost of other postemployment benefits ("OPEB") are reported in annual actuarial reports, covering all state agencies, which is prepared and issued by an actuary retained by the State of Louisiana to estimate these costs under the applicable actuarial methods. The expense and accrued liability relates to the obligation to pay the employer share of post-retirement premiums of employees enrolled in the state health plan (OGB) at the time of retirement from state service. The Board annually monitors the OPEB costs.

The Board expects that next year's revenues will be lower than this fiscal year while expenses will be higher based on the following:

- Licensee and firm permit revenues are expected to be approximately the same in the upcoming year as this fiscal year.

- Enforcement activities vary from year to year, therefore both revenues and costs from those activities fluctuate. It is expected that enforcement revenue will be lower in the coming year although expenses are predicted to be higher than the prior year and more in line with other years in the past. The Board will monitor this activity for changes throughout the year.

- Retirement and insurance costs continue to rise as the employer contribution rates for both LASERS and health insurance premiums increase annually.

- Upgrades in hardware and software are needed to meet the needs of recordkeeping, online renewals, enforcement, and information dissemination. Significant expenditures could be required to make these changes.

CONTACTING THE BOARD'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, licensees, registrants, examination candidates, individuals and organizations served by CPAs, and other users 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 the Board's executive director at 601 Poydras Street, Suite 1770, New Orleans, Louisiana, 70130.

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents (Note C)	$ 1,327,276
Receivables (Note U)	88,980
Prepayments	9,852
Total current assets	1,426,108
NONCURRENT ASSETS:	
Capital assets (Note D):	
Equipment	44,582
Less accumulated depreciation	(44,582)
Total noncurrent assets	-
Total assets	$ 1,426,108
DEFERRED OUTFLOWS OF RESOURCES	
Accumulated decrease in fair value of hedging derivatives	$ -
Total assets and deferred outflow of resources	$ 1,426,108
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable and accruals (Note V)	$ 21,229
Deferred revenues	4,750
Current portion of long-term liabilities (Note K):	
Compensated absences payable	6,872
Total current liabilities	32,851
NONCURRENT LIABILITIES:	
Compensated absences payable (Note K)	18,269
OPEB payable (Note K)	514,500
Total noncurrent liabilities	532,769
Total liabilities	$ 565,620
DEFERRED INFLOWS OF RESOURCES	
Accumulated increase in fair value of hedging derivatives	$ -
Deferred service concession arrangement receipts	-
Total deferred inflows of resources	$ -
NET POSITION	
Net investment in capital assets	-
Unrestricted net assets	860,488
Total net position	860,488
Total liabilities, deferred inflows of resources, and net position	$ 1,426,108

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

Statement A

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES		
Licenses, permits and fees		$ 927,345
Fines and settlements		108,501
Other Income		4,047
Total operating revenues		1,039,893
OPERATING EXPENSES		
Administrative:		
Personal services	597,663	
Professional and contractual	46,233	
Operating services and supplies	246,385	
		890,281
Depreciation		3,672
Total operating expenses		893,953
Operating income		145,940
NONOPERATING REVENUES		
Interest earnings		3,044
Total nonoperating revenues		3,044
Change in net assets		148,984
Total net assets - beginning		711,504
Total net assets - ending		$ 860,488

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

Statement B

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Component Unit:					
State Board of CPAs	$ 893,953	$ 1,039,893	$ --	$ --	$ 145,940

General Revenues:	
Taxes	-
State appropriations	-
Grants and contributions not restricted to specific programs	-
Interest	3,044
Miscellaneous	-
Special Items	-
Transfers	-
Total general revenues, special items, and transfers	3,044
Change in net assets	148,984
Net position - beginning	711,504
Net position - ending	$ 860,488

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

Statement C

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities		
Cash received from licensees and registrants	$ 955,839	
Cash received from customers	4,047	
Cash payments to suppliers for goods and services	(293,672)	
Cash payments to employees for services	(572,731)	
Net cash provided (used) by operating activities		$ 93,483
Cash flows from noncapital financing activities		-
Cash flows from capital and related financing activities		-
Cash flows from investing activities		
Interest earned on money market deposit accounts	3,044	
Net cash provided (used) by investing activities		3,044
Net increase (decrease) in cash and cash equivalents		96,527
Cash and cash equivalents at beginning of year		1,230,749
Cash and cash equivalents at end of year		$ 1,327,276

Reconciliation of operating income to net cash used by operating activities:		
Operating income (loss)		$ 145,940
Adjustments to reconcile operating income (loss) to net cash:		
Depreciation	3,672	
Changes in assets and liabilities:		
(Increase) decrease in receivables	(81,686)	
(Increase) decrease in prepayments	887	
Increase (decrease) in accounts payable and accruals	(2,558)	
Increase (decrease) in compensated absences payable	(13,647)	
Increase (decrease) in OPEB payable	39,625	
Increase (decrease) in deferred revenues	1,250	
Total adjustments		(52,457)
Net cash provided (used) by operating activities		$ 93,483

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

Statement D

INTRODUCTION

The State Board of Certified Public Accountants of Louisiana (Board) was created by the Louisiana State Legislature in 1908 and is established under the provisions of Louisiana Revised Statute (R.S.) 37:74. The following is a brief description of the operations of the Board:

The Board is a licensing agency of the State of Louisiana. The Board's enabling legislation, the Louisiana Accountancy Act (LAA), is comprised by R.S. 37:71-et seq. The Board is composed of seven members who are appointed by the Governor, five from designated geographic areas and two at large. The Board acts in the Louisiana public interest to promote the reliability of public accounting and financial reporting. The Board is charged with the responsibility of regulating the professional work of certified public accountants (CPAs) and firms operating in the State by enforcing the accountancy act; promulgating and enforcing rules of conduct; administering examinations of CPA candidates to assess competency and educational qualifications; issuing and renewing licenses, based on the additional qualifications, to use the CPA title and to practice as a CPA firm; requiring licensees to provide evidence of continuing professional education (CPE) and peer review; prohibiting or restricting titles that have a capacity to deceive the public; and, by investigating valid complaints from the public or allegations of a failure to comply with the LAA, with standards of accountancy, or with rules of professional conduct. The operations of the Board are funded through self-generated funds that are primarily derived from fees for the issuance, application, and annual renewal of CPA certificates and licenses, and secondarily from cost recoveries and fines related to enforcement. The Board has nine full time authorized employee positions. As of June 30, 2013, there were registered with the Board 7,063 licensed CPAs; 3,256 inactive CPAs (that is, unlicensed, but registered and exempted from CPE); and 2,195 CPA firms holding permits to practice in Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

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

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

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

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

Revenue Recognition

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

Expense Recognition

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

Deferred Revenues

Deferred revenues arise when potential revenue is collected prior to being earned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating items generally result from providing services and benefits in connection the fund's principal ongoing operations. The Board's principal operating revenues are application, renewal and related fees paid by the holders of CPA certificates and firm permits. Operating expenses include the cost of services, administrative costs, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as nonoperating items. Revenue from interest bearing demand deposits is reported as nonoperating revenue.

2. EQUIPMENT AND CAPITAL ASSET POLICY

Equipment purchased by the Board may be recorded as a capital asset and capitalized at historical cost. In accordance with the State's (OSRAP) accounting policy, the threshold level of $5,000 is used for capitalizing movable property and $1,000,000 for computer software. Depreciation for financial reporting is computed by the straight-line method over an asset's useful life which is five years for computer equipment and six years for office equipment. No salvage value is taken into consideration for depreciation purposes. Capital assets and accumulated depreciation are recorded on the Statement of Net Position. Equipment, furniture, and software acquisitions with costs less than the above thresholds are charged as an administrative expense.

B. BUDGETARY ACCOUNTING

The Board prepares its budget in accordance with the Louisiana Licensing Agency Budget Act, R.S. 39:1331-1342. The budget is prepared on a modified accrual basis of accounting. The Board retains its unexpended fund balance to fund future expenses. The budget for fiscal year ended June 30, 2013 was formally adopted by the Board on January 23, 2012.

The budget process is conducted annually and is valid for one year. The Board revises the budget if there are planned transfers of 10% or more of an expense category, or to change the total budget by 5% or more. The Board may also make less significant revisions if deemed appropriate. The budget and any revisions are reviewed by the Joint Legislative

Budget Committee, a committee of the Louisiana Legislature. The original budget and amendment for the year ended June 30, 2013 is summarized below:

	Revenues	Expenditures	Excess (Deficiency)
Original approved budget:	$ 941,300	$ 985,666	($ 44,366)
Amendment - January 21, 2013	85,185	(67,823)	153,008
Final approved budget:	$1,026,485	$ 917,843	$ 108,642

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

For the purpose of the Statement of Cash Flows, all highly liquid investments are considered to be cash equivalents. Interest received is considered a cash flow from investing activities.

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 as in the name of the Board or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

The Board has cash (book balance) totaling $1,327,276 at June 30, 2013 which consists of cash in bank accounts, checks received with license applications for deposit, and petty cash, totaling $1,325,125, $2,050, and $100 respectively.

The following is a breakdown by banking institution, account no. and amount of the bank balances shown above:

Banking Institution	Account Number		Amount
Iberia Bank	xxxxxxx19		$1,291,927
Capital One	xxxxxxx47		56,193
		Total	$ 1,348,120

As of June 30, 2013, the amount of $1,041,927 of the Board's bank balances was exposed to custodial credit risk as follows:

Uninsured and collateralized with securities held by pledging bank's trust department or agent, but not in Board's name	$ 1,041,927

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

Capital or fixed assets used by the Board consist of office and computer equipment. These are included on the statement of net position and are capitalized at cost. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Accumulated depreciation is reported on the statement of net position. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	Year Ended June 30, 2013			
	Balance 6/30/2012	Additions	Retirements	Balance 6/30/2013
Equipment	$ 44,582	$ --	$ --	$ 44,582
Less accum. depreciation	40,910	3,672	--	44,582
Capital assets, net	$ 3,672	$ 3,672	$ --	$ 0

E. INVENTORIES – N/A

F. RESTRICTED ASSETS – N/A

G. LEAVE

1. COMPENSATED ABSENCES

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

The cost of leave privileges is accrued and recognized in accordance with GASB Codification Section C60. The cost is an expenditure in the period the leave is taken by employees or paid to terminating employees, but is recognized as an expense and a liability in the financial statements in the period in which the leave is earned. The cost of leave privileges applicable to Board 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, 2013 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is $0. If there were any leave payable would be included in the Compensated Absences liability in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all employees of the Board are members of a statewide, public employee retirement system, either Louisiana State Employees' Retirement System (LASERS) or Teachers' Retirement System of Louisiana (TRSL). LASERS is a single-employer defined benefit pension plan. TRSL is a cost-sharing, multiple-employer defined benefit pension plan. The plans provide retirement, disability, and survivors' benefits to plan members and beneficiaries and the systems are administered by separate boards of trustees.

All full-time employees are eligible to participate in LASERS unless an election is made to continue as a member in another retirement system, such as TRSL, for which they remain eligible for membership. Employee benefits vest with LASERS after 10 years of service and with TRSL after 5 years of service. In the LASERS plan, 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 LASERS 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 beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in LASERS 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. LASERS also provides death and disability benefits and deferred benefit option, within qualifications and amounts defined by statute. Benefits are established or amended by state statute.

The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the retirement systems. For descriptions of the defined benefit plans, the reports may be obtained by writing to the LASERS, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 and/or the TRSL, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446. The footnotes to the Financial Statements contain additional details and are available online.

As required by state statute, employees contribute either 7.5% or 8% of covered salaries to LASERS, or contribute 8% to TRSL. Act 75 of the 2005 Regular Legislative Session requires that employees hired on or after July 1, 2006, contribute 8% of their salaries to LASERS. The Board is required to contribute at an actuarially determined rate as required by R.S. 11:102. The LASERS employer contribution rate for fiscal year ended June 30, 2013, increased to 29.1% of annual covered payroll from the 25.6% and 22% required in fiscal years ended June 30, 2012 and 2011 respectively. The TRSL employer contribution rate for the fiscal year ended June 30, 2013 was 24.5% at the time such contributions commenced for a hired employee who elected to remain enrolled in TRSL.

The Board's contributions to LASERS for the years ending June 30, 2013, 2012, and 2011, were $93,839, $81,254, and $76,647, respectively, equal to the required contributions for each year. The Board's contributions to TRSL for the years ended June 30, 2013, 2012, and 2011 were $7,609, $3,852, and $0, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers.

Full time staff employees of the Board are eligible to participate in the state's health insurance plan. The following calculation of the Net OPEB Obligation (NOO) is related to the state's Office of Group Benefits group insurance which is available to eligible employees upon retirement who may continue to participate in the health plan.

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2013
1. * ARC	$ 60,700
2. * Interest on NOO (4%)	19,000
3. * ARC adjustment	18,100
4. * Annual OPEB Expense (1. + 4. - 5.)	61,600
5. Contributions to OGB for Board (employer) portion of retirees' insurance premiums	21,975
6. Increase in Net OPEB Obligation (4. - 5.)	39,625
7. * NOO, beginning of year (see actuarial valuation report on OSRAP's website)	474,875
8. **NOO, end of year (6. + 7.)	$ 514,500

* Obtained from OSRAP "GASB 45 OPEB Valuation Report as of June 30, 2012 to be used for fiscal year ending June 30, 2013"

** Statement of Net Position amount for the year ended June 30, 2013. The Board's only health plan is the state's plan administered by the Office of Group Benefits.

J. OPERATING LEASES

The Board's total rental and lease expense for June 30, 2013 was $88,447, which includes an operating lease for office space having a monthly rental of $5,342, currently in a five-year extension of the amended lease that ends as of August 31, 2016. Future minimum operating lease payments under the office space lease for the years ending June 30 are as follows:

Nature of Operating lease	FY2014	FY2015	FY2016
Office Space	$64,104	$64,104	$10,684

K. LONG-TERM LIABILITIES

Changes in long-term obligations for the year ended June 30, 2013 are as follows:

	Year Ended June 30, 2013				
	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2012	Amounts due within one year
Compensated absences payable	$ 38,788	102,406	116,053	$ 25,141	$ 6,872
OPEB payable	474,875	61,600	21,975	514,500	
Total long-term liabilities	$ 513,663	164,006	138,028	$ 539,641	$ 6,872

L. CONTINGENT LIABILITIES – N/A

M. RELATED PARTY TRANSACTIONS – N/A

N. ACCOUNTING CHANGES – N/A

O. IN-KIND CONTRIBUTIONS – N/A

P. DEFEASED ISSUES – N/A

Q. REVENUES OR RECEIVABLES– PLEDGED OR SOLD – N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – N/A

T. SHORT-TERM DEBT – N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2013, were as follows:

Activity	Other Receivables	Total Receivables
Enforcement – fines, cost recovery, settlements	$ 88,511	$ 88,511
Other	469	469
Gross receivables	88,980	88,980
Less: Allowance for uncollectible accounts	0	0
Receivables, net	$ 88,980	$ 88,980
Amounts not scheduled for collection during the subsequent year	$ 0	$ 0

V. DISAGGREGATION OF PAYABLE BALANCES

Accounts Payable at June 30, 2013 were as follows:

Activity	Personal Services	Legal	Services and Supplies	Total Payables
Operating	$ 9,258	$ 8,453	$ 3,518	$ 21,229
Total payables	$ 9,258	$ 8,453	$ 3,518	$ 21,229

W. SUBSEQUENT EVENTS – N/A

X. SEGMENT INFORMATION – N/A

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

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – N/A

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

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION – N/A

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

DD. EMPLOYEE TERMINATION BENEFITS – N/A

EE. POLLUTION REMEDIATION OBLIGATIONS – N/A

FF. AMERICAN RECOVERY AND REINVESTMENT ACT – N/A

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES – N/A

HH. SERVICE CONCESSION ARRANGEMENTS – N/A

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2013

Name	Title	Amount
Michael A. Tham, CPA	Chairman	$1,800
Michael D. Bergeron, CPA	Member (July 2012 – June 2013)	1,200
Michael B. Bruno, CPA	Member (July 2012) Secretary (August 2012 – June 2013)	1,750
Lettie Lowe-Ardoin, CPA	Member (July 2012- June 2013)	1,200
Mark P. Harris, CPA	Secretary (July 2012) Treasurer (August 2012- July 2013)	1,800
Desireé W. Honoré, CPA	Member (July 2012– June 2013)	1,200
Lynn V. Hutchinson, CPA	Treasurer (July 2012) Member (Aug 2012 – June 2013)	1,250
	Total	$10,200

The schedule of compensation paid to Board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Officers of the Board receive compensation of $150 per month, and other members receive $100 per month in accordance with Act no. 473 of 1999.

SCHEDULE 1

STATE OF LOUISIANA
STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR

SCHEDULE OF COMPARISON FIGURES
FOR THE YEARS ENDED JUNE 30

	2013	2012	Difference	Percentage Change
Revenues	$ 1,042,937	$ 924,104	$ 118,833	12.86 %
Expenses	893,953	846,412	47,541	5.62 %
Capital assets	44,582	44,582	-	0.00 %
Long-term liabilities	532,769	513,301	19,468	3.79 %
Net Assets	860,488	711,504	148,984	20.94 %

SCHEDULE 15

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

Exhibit A

The following pages contain a report on internal control and on compliance with laws and regulations and other matters 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 significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.

LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

August 29, 2013

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*

STATE BOARD OF CERTIFIED PUBLIC
ACCOUNTANTS OF LOUISIANA
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of the State Board of Certified Public Accountants of Louisiana, a component unit of the State of Louisiana, as of June 30, 2013, and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 29, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State Board of Certified Public Accountants of Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State Board of Certified Public Accountants of Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the State Board of Certified Public Accountants of Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State Board of Certified Public Accountants of Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State Board of Certified Public Accountants of Louisiana's internal control and compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Daryl G. Purpera

Daryl G. Purpera, CPA, CFE
Legislative Auditor

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